

https://dspace.org/

Contestation on the meanings of and their effect on interpretation of the notion of Local Economic Development

Mqedlana, Lwandlekazi Vuyokazi

2015-03-06
http://hdl.handle.net/10539/17202

Downloaded from a DSpace repository. https://dspace.org/

Contestation on the Meanings of and their Effect on Interpretation of the Notion of Local Economic Development

By

Lwandlekazi Vuyokazi Mqedlana

Supervisor: Professor T. Mogale, Wits School of Governance

A research report submitted to the Faculty of Commerce, Law &Management, University of the Witwatersrand, Johannesburg, South Africa, in partial fulfilment of the requirements for the Degree of Master of Management in the field of Public and Development Management

November 2014

ABSTRACT

Despite sustained efforts to implement Local Economic Development (LED) in South Africa, this has not met with the success that was hoped for. In part, this stems from the diverse conceptualizations and interpretations of LED. The research report sought to interrogate these diverse interpretations and meanings with the objective of establishing the impact that such 'differences' might have on the policy and actual implementation of LED in rural and urban municipalities in South Africa. To achieve this objective, the project utilized a qualitative survey, focusing on the cases of the urban-based UMhlathuze Local Municipality and the rural-based Richmond Local Municipality.

The study found that the diverse global and national 'differences' surrounding LED discourse have impacted significantly on how LED policies and strategies are implemented in South Africa. This includes a significant level of confusion regarding the most suitable implementation strategy. The study concludes that consensus on the definition of LED and the theoretical framework that informs LED should be reached within the South African policy context.

DECLARATION

I declare that this dissertation is my own unaided work. All citations, references and borrowed ideas have been duly acknowledged. It is being submitted in partial fulfilment of the requirements for the degree of Masters of Management (in the field of Public and Development Management) Faculty of Commerce, Law & Management, University of the Witwatersrand, Johannesburg, South Africa.

0618842
Student Number

Lwandlekazi Vuyokazi Mqedlana
Student Name

_____

Signature

November 2014
Date

DEDICATION

This work is dedicated to **GOD the ALMIGHTY** who is the author and finisher of my faith. I am so grateful for the wonderful opportunity, wisdom, courage and strength that God gave to me to press on despite the circumstances and hurdles that stood in my way.

ACKNOWLEDGEMENTS

I am sincerely grateful to my supervisor, Professor Thomas Mogale, whose guidance, encouragement, resilience and support through comments and recommendations led to the successful completion of this research. I treasure the fact that he challenged me to reach all my levels of capability as he always believed that I could do it and do better each step of the way. I thank him for building my self-confidence and keeping me on track.

I am greatly indebted to the following people who have been very supportive and co-operative during the course of my research: Dr Sifa Chiyoge, Mandisa Mathobela, and Matome Ramakgolo for their unwavering support and encouragement.

I would also like to thank my family who supported my efforts during my studies and the extensive research process and never doubted that I would eventually make it. A special thank you to my mother Sarah Mqedlana, my two sisters (Nokuzola and Babalwa), my brother Mbulelo, my niece uPamella, Nhunha and my son Thimna for being there for me and giving me their love and support during my studies.

I would also like to thank all my special friends, Wendy and Kgomotso, Nyameka for their encouragement and support with such enthusiasm throughout my studies.

TABLE OF CONTENTS

1

ABSTRACT ..... **I**

DECLARATION ..... **II**

DEDICATION ..... **III**

ACKNOWLEDGEMENTS ..... **IV**

TABLE OF CONTENTS ..... **V**

LIST OF ACRONYMS ..... **VIII**

LIST OF TABLES ..... **IX**

LIST OF FIGURES ..... **IX**

LIST OF APPENDICES ..... **IX**

CHAPTER ONE **1**

INTRODUCTION **1**

1.1 INTRODUCTION 1
1.2 BACKGROUND TO THE RESEARCH STUDY 2
1.2.1. KwaZulu-Natal Province Profile *6*
1.2.2. uMgungundlovu District Municipality Profile *9*
1.2.3. Richmond Local Municipality Profile *11*
1.2.4. uThungulu District Municipality Profile *17*
1.2.5. UMhlathuze Local Municipality Profile *20*
1.3 PROBLEM STATEMENT 23
1.4 PURPOSE STATEMENT 25
1.5 RESEARCH QUESTIONS 26
1.6 RATIONALE FOR THE RESEARCH 26
1.7 LIMITATIONS OF THE STUDY 27
1.8 CHAPTER OUTLINE 28
1.9 CONCLUSION 30

CHAPTER TWO **31**

PROBLEMATIZING LOCAL ECONOMIC DEVELOPMENT CONCEPTUALIZATION AND MEANING **31**

2.1 INTRODUCTION 31
2.2 DEFINING LOCAL ECONOMIC DEVELOPMENT 33
2.3. INTERPRETATION OF MEANINGS OF LOCAL ECONOMIC DEVELOPMENT 37
2.4. AGENDAS OF LOCAL ECONOMIC DEVELOPMENT 37
2.4.1. Industrialization and Modernization *38*
2.4.2. Urbanization *39*
2.4.3. Globalization *39*
2.4.4. Decentralization *40*
2.4.5. Liberalization and Privatization *42*
2.4.6. De-industrialization *42*

2.5. COMMONALITIES AND DIFFERENCES IN THE DEFINITION OF LOCAL ECONOMIC DEVELOPMENT 43
2.5.1. A Development Process *44*
2.5.2. A Locality- and Geographically-based Intervention *45*
2.5.3. Economic Development and Job Creation *48*
2.5.4. Partnerships/Collaboration of Stakeholders *49*
2.6. LED FEATURES DRAWN FROM LITERATURE 50
2.7. THE SOUTH AFRICAN LED EXPERIENCE: LEGISLATION AND POLICY 55
2.7.1. Policy Developments, 1994-2000 ..... *55*
2.7.2. Policy Developments, 2000-2006 ..... *57*
2.7.3. Policy Developments, 2006-2012 ..... *58*
2.7.4. Policy Developments, 2012-2014 ..... *63*
2.8. SOUTH AFRICAN POLICY FRAMEWORK: EMERGING TRENDS LINKED TO THE OUTLINED THEMES 65
2.9. CONCLUSION 68

CHAPTER THREE 71

RESEARCH METHODOLOGY 71

3. 1 INTRODUCTION 71
3.2 RESEARCH METHODOLOGY 71
3.3 RESEARCH DESIGN 73
3.4 STUDY POPULATION AND SAMPLING 74
3.4.1. Study Population *74*
3.4.2. Sampling methodology *75*
3.4.3. Sample *76*
3.5 DATA COLLECTION 77
3.6 DATA ANALYSIS AND INTERPRETATION 81
3.7 VALIDITY AND RELIABILITY 84
3.7.1 Internal Validity *85*
3.7.2 External Validity *85*
3.7.3 Reliability *86*
3.8 CONCLUSION 86

CHAPTER FOUR 87

PRESENTATION OF RESULTS 87

4.1 INTRODUCTION 87
4.2. UNDERSTANDING THE NOTION OF LOCAL ECONOMIC DEVELOPMENT 87
4.3 THEMES AND CATEGORIES 87
4.3.1 LED: Conceptualization *88*
4.3.1.1 Definition 88
4.3.1.2 LED: Meaning and Interpretation 89
4.3.2 LED from a South African Policy Perspective *90*
4.3.2.1 South African Policy Framework on LED 91
4.3.2.2 LED: Policies and Strategies 94
4.3.2.3 Relationship between LED and the Municipal IDP 95
4.3.3. LED Economic Objectives *97*
4.3.3.1 LED contribution to economic growth 97
4.3.3.2 Effect of LED on the Developmental Local Government Agenda 98
4.3.4. LED Planning and Implementation *101*
4.3.4.1 LED Strategies and Programmes 101
4.3.4.2 Complexities of LED implementation 101

4.3.4.3 Challenges of LED Implementation 102
4.3.5 CONCLUSION 104

CHAPTER FIVE 106

INTERPRETATION OF THE FINDINGS 106

5.1 INTRODUCTION 106
5.2. IMPLICATIONS OF THE DIFFERENT UNDERSTANDINGS OF LOCAL ECONOMIC DEVELOPMENT 107
5.3 IMPLICATIONS OF DIFFERENT INTERPRETATIONS OF LED FOR POLICY FORMULATION 112
5.4 IMPLICATIONS FOR THE ROLES AND RESPONSIBILITIES OF KEY STAKEHOLDERS 113
5.5. POLICY PLANNING AND IMPLEMENTATION AT LOCAL GOVERNMENT LEVEL. 116
5.6 IMPLICATIONS FOR THOSE AT THE FOREFRONT OF LED 118
5.7 CONCLUSION 121

CHAPTER SIX 123

CONCLUSIONS AND RECOMMENDATIONS 123

6.1 INTRODUCTION 123
6.2 SUGGESTIONS FOR FURTHER RESEARCH 129

REFERENCES 131

APPENDICES 137

LIST OF ACRONYMS

DBSA	Development Bank of Southern Africa
DPLG	Department of Provincial and Local Government
EU	European Union
GDP	Gross Domestic Product
GGP	Gross Geographic Product
GEAR	Growth Employment and Redistribution
IDP	Integrated Development Plan
IMS	Integrated Management System
IPAP	Industrial Policy Action Plan
KZN	KwaZulu-Natal
LED	Local Economic Development
LEDF	Local Economic Development Fund
NGO	Non-Governmental Organization
NGP	New Growth Path
NDP	National Development Plan
NSDS	National Spatial Development Strategy
NSDP	National Spatial Development Plan
SDF	Spatial Development Framework
PGDS	Provincial Growth and Development Strategy
PSEDS	Provincial Spatial Economic Development Strategy
IDZ	Industrial Development Zone
ILO	International Labour Organization
GTZ	German Agency for Technical Cooperation (Deutsche Gesellschaft fur Technische Zusammenarbeit)
SMMEs	Small Medium & Micro Enterprises

LIST OF TABLES

Table 1: KZN Economic Landscape
Table 2: Percentage Sector contribution for uMgungundlovu & Richmond
Table 3: Percentage Sector contribution for uThungulu & uMhlathuze
Table 4: Categories of identified experts for interviews
Table 5: A profile of LED experts interviewed
Table 6: Theories and categories of data
Table 7: Quantitative data from in-depth individual interviews

LIST OF FIGURES

Figure 1: Map of South African with Provincial Demarcation
Figure 2: KwaZulu-Natal Provincial Map with Municipal Demarcation
Figure 3: uMgungundlovu District Municipality Map
Figure 4: Richmond Local Municipality Map
Figure 5: uThungulu District Municipality Map
Figure 6: uMhlathuze Local Municipality Map

LIST OF APPENDICES

1. Interview questionnaire

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Internationally, the concept of Local Economic Development (LED) has been defined in many different ways, largely influenced by international development agencies. For example, the World Bank defines LED as a collective approach to economic growth and employment creation engaging all critical stakeholders (Cunningham & Meyer-Stamer, 2005:5). Rogerson (2010:467) notes that the International Labour Organization (ILO) defines LED as a mechanism to induce partnerships amongst private and public sector stakeholders within a defined area or location in order to facilitate a participatory development process, using local resources. The German Technical Cooperation (GTZ), an international development organization, defines LED as joint co-operation amongst all stakeholders, including civil society, to create unique advantages and opportunities for local firms' strength and competitiveness (Rogerson, 2010: 467).

Local Economic Development has been seen as a relevant developmental tool in many countries, including South Africa, and these varying definitions have largely informed the understanding and approaches to LED during its adoption by the relevant institutions. This study seeks to explore the different interpretations and meanings attached to LED as a concept and the implications this has for policies and thus the implementation of the concept in various localities. It draws on analysis and discussion of policy from an international perspective to examine the South African context, drawing on the cases of UMhlathuze and Richmond Local Municipalities. The implications of policy for the implementation and practice of LED are interrogated in detail, from the evolution of LED policy

post-1994 to date, focusing on the source of local strategies' LED context and practice.

1.2 BACKGROUND TO THE RESEARCH STUDY

The principle of pro-poor development has been fundamental to South African policy development and planning in the post-1994 period. This aims to address the apartheid legacy of socio-economic inequalities (Rogerson and Nel, 2004). According to Rogerson and Nel (2004), South Africa's pursuit of LED is remarkable in international terms because of the very high level of legal policy endorsement which it enjoys and the apparent pro-poor focus which has been a defining characteristic of LED policy philosophy in the country.

The Constitution of the Republic of South Africa mandates all levels and spheres of government, including local government, to promote social and economic development. Thus, by virtue of being the supreme law of the country, it automatically mandates government to promote LED. For example, Section 152 of the Constitution states that amongst others, one of the objectives of local government is to promote social and economic development, promote a safe and healthy environment whilst also promoting a democratic and accountable government for local communities. On the same note, local government is also responsible for promoting inclusive development by encouraging the involvement of communities and community organizations in matters of local government (RSA Constitution: 1996).

In addition, Section 153 mandates each municipality to structure and manage its administration, budgeting and planning processes, to give priority to the basic needs of the community, to promote the social and economic development of the community; and to participate in national and provincial development programmes.

The Constitution of South Africa further legally binds all local authorities to promote social and economic development in their respective areas of jurisdiction. The objectives outlined in Section 152 of the Constitution are an integral part of a set of principles that guide the formulation and implementation of LED strategies. In addition, Section 153 states that municipalities must give priority to the promotion of economic development in the communities that they serve.

This further elevates the policy context of LED, positioning it as an obligatory mandate for all South African local authorities through the 1998 White Paper on Local Government (DBSA, 2000; Republic of South Africa, 1996). The evolution of South African legislation and policy on LED was further expressed in the Municipal Systems Act (2000), which positioned municipalities as frontline agencies responsible for the socio-economic upliftment of communities. With a constitutional mandate across all spheres of government firmly in place, national government developed a policy framework to guide the implementation of LED, with municipalities as the implementing agents.

To date LED is a sector plan within the Municipal Integrated Planning Framework which informs the resource allocation and redistribution policies of every municipality in the country.

Over the past decade, LED has assumed major importance as a policy issue in many developed countries in Europe, North America and Australasia as well as in the developing world, including South Africa (Rogerson, 1999). In South Africa, LED has been identified as a tool to contribute to the objectives of reconstruction and development in post-apartheid South Africa and is strongly espoused in the White Paper on Local Government (Rogerson, 1999).

However, international experience shows that LED can be a challenging concept that is very difficult to define specifically. While a degree of consensus exists in South Africa that its focus is on promoting the growth of local economies whilst alleviating poverty, different interpretations persist, resulting in some degree of policy confusion (Rogerson, 1999).

Local Economic Development is contextualized around a number of economic development theories, including the modernization theory and the location theory. The multiplicity of theoretical perspectives exacerbates confusion amongst practitioners (Rogerson & Rogerson, 2010). The numerous theoretical bases for LED are a reflection of the fact that there is no definitive, all-encompassing theory for local or regional economic development (Rogerson, 2010:469). Nonetheless, South Africa has provided a framework to guide LED whose aim is to support the development of sustainable local economies through integrated government action (National Framework for LED in South Africa, 2006).

Whilst the National Framework is underpinned by an appreciation of the evolution of LED practice internationally, it is mainly based on the South African context and its challenges, contextualized around "new institutionalism" which distinguishes between economy and society. That is, it demonstrates how economic decision-making and action are informed by shared values, beliefs, norms, meanings, rules and procedures of the formal and informal institutions of society (National Framework for LED in South Africa, 2006).

According to Abrahams (2003), LED planning has not only given birth to renewed hope and energy to deal with ailing and stagnant local economies; it has also resulted in a degree of confusion in terms of the implementation of LED. He argues that this has mainly been due to different interpretations of what is actually meant by LED. Cunning-Stamer (2005) observes that LED has become highly discretionary in

approach and planning; it does not involve any standardized service delivery standards and is assumed to be transaction-intensive.

Whilst it is clear that South Africa has adopted ‘pro-poor’ and ‘pro-growth’ approaches, officials have experienced difficulties in translating these approaches into effective and meaningful LED implementation strategies in their localities because of confusion as to what exactly they mean (Abrahams, 2003). The local sphere of government has engaged in the process of revitalizing local economies since the advent of developmental local government post-1994. Local Economic Development was institutionalized in District and Local municipalities through the establishment of LED units to co-ordinate LED initiatives and strategies. LED forums were also created as institutional measures to provide platforms for local stakeholders to engage in economic development interventions in various municipalities. This has also been the case in KwaZulu-Natal Province (KZN).

Different interpretations and approaches to LED have been observed in KZN. Since the LED approach that is adopted will inevitably inform the policy or strategy of a particular local government institution, it will be interesting to understand and observe the impact of these differing views in the application of LED.

The various conceptualizations of LED by different stakeholders is mainly informed by a number of variables in the development of local economies. This study will therefore interrogate these different interpretations with the aim of understanding the impact they have on the policy and actual implementation of LED using case studies from KwaZulu-Natal province as well as existing literature.

1.2.1. KwaZulu-Natal Province Profile

Following the 1994 elections, South Africa was organized into nine provinces to replace the four that previously applied: Eastern Cape, Western Cape, Northern Cape, KwaZulu-Natal, Free State, North West Province, Northern Province, Mpumalanga and Gauteng (Figure 1).

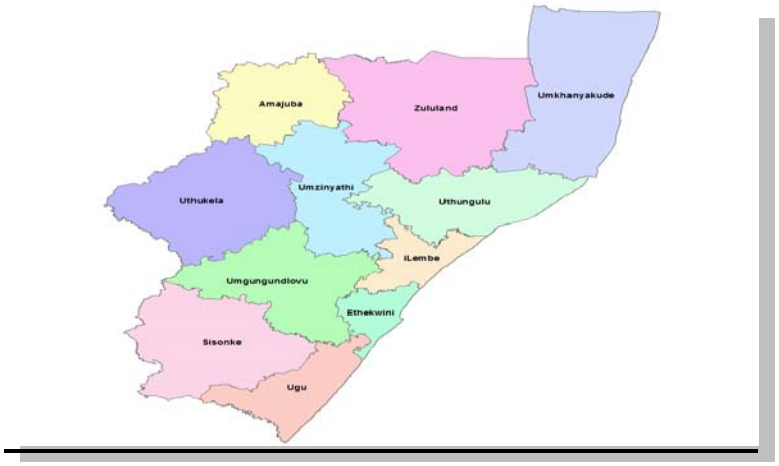
Figure 1: South African Map with Provincial Demarcation



Source: Municipal Demarcation Board, 2013

KwaZulu-Natal is one of the nine provinces and is located on the Indian Ocean seaboard, occupying 92,100 m2, almost 8% of the total land area of South Africa. According to Census 2011, the South African population is recorded at 51.8 million with KwaZulu-Natal recording the second largest population of 10.3 million people (Statistics South Africa, 2012). The province stretches from Port Edward in the south to the Swaziland and Mozambique borders to the north. According to the municipal demarcation, the KZN province is demarcated with eleven District municipalities including eThekwini Metro (Figure 2).

Figure 2: KwaZulu-Natal Provincial map with Municipal Demarcation



Source: Department of Co-operative Governance & Traditional Affairs, 2011

These boundaries position KwaZulu-Natal within two of Africa's harbour gateways to the world, Durban and Richards Bay harbours. Pietermaritzburg is the headquarters of the Provincial Government.

The 2011 KwaZulu-Natal Provincial Growth and Development Strategy (KZN PGDS) bolsters the province's commitment to capitalising on its geographical position to achieve its vision of being a gateway to Africa and the World.. The PGDS aims to build this gateway by growing the economy for the development and improvement of the quality of life of all people living in the province. Whilst the KZN provincial government is leading this process, its success depends on strong compacts with labour, civil society and business (KZN Provincial Growth and Development Strategy, 2011).

The province is second only to Gauteng in terms of its percentage contribution to South Africa's GDP. KwaZulu-Natal has largely untapped environmental resources with unparalleled scenic beauty and bio-diversity, characterised by enormous human potential and resources whilst priding itself on its unique multi-cultural heritage (KZN, Top Business Portfolio, 2012).

It has the highest export propensity, recorded as the country's leading producer of timber, processing over half of all timber used in South Africa, and accounting for a significant percentage of the country's wood exports. Durban and Richards Bay together handle nearly 80% of South Africa's cargo tonnage. Richards Bay, under the City of UMhlathuze is also the centre of South Africa's aluminium industry, producing more than 4% of the world's aluminium. It is also the seat of the world's largest sand mining and mineral-producing operations (KZN Business Portfolio, 2012).

KwaZulu-Natal's reputation as a leading tourist destination is well established, with potential to grow exponentially. A popular destination for holiday-makers from other South African provinces, KZN offers sunny weather, beaches, game parks, rolling green hills and scenic mountains. Due to its abundant, varied vegetation, KZN is often described as the 'Green Province' with warm humid weather conditions for the greater part of the year. With more than 11 000 plant species, the province is one of the richest floral regions in Africa. The 780 tree species comprise more than two-thirds of South Africa's total and 11 times the total of Europe. Approximately 16% of the flora is endemic and 11% is rare or threatened (KZN Top Business Portfolio: 2012).

The economic base within the Province is diverse, with the provincial economy being driven largely by the manufacturing sector (22%) and supported by tertiary services such as tourism, finance and insurance (20%), transport and storage (14%), and other business services respectively (Table 1). The Province is currently faced with three structural constraints to growth: increasing unemployment, poverty and inequality. These have been exacerbated by the recent recession which placed pressure on financial and economic systems and caused substantial job losses. The Province is currently poor or performing badly, in that it has the third lowest per capita income nationally. A substantial decline in investment into the primary and secondary sectors, predominantly

agriculture and manufacturing, over the past decade has reduced the growth potential of the provincial economy substantially.

As a consequence the province's industrial base has experienced a declining market share and the Province has become a net importer of agricultural goods, constituting a threat to food security (KZN Provincial Growth and Development Strategy: 2011).

Table 1: KZN Provincial Economic Profile, 2010

	SECTOR	% CONTRIBUTION
1.	Agriculture, Forestry and Fishing	4
2.	Mining and quarrying	2
3.	Manufacturing	22
4.	Electricity, Gas and Water	2
5.	Construction	3
6.	Wholesale, Retail Trade, Catering & Accommodation	14
7.	Transport, Storage	14
8.	Finance, Insurance, real Estate and Business Services	20
9.	Community, Social and Personal Services	6
10.	General Government	13

Source: Mqedlana, L: 2012

1.2.2. uMgungundlovu District Municipality Profile

The uMgungundlovu District Municipality is situated in the Midlands of KZN. The district consists of seven local municipalities, each of which presents its own unique development challenges and business opportunities. It is the largest district in the province.

The Head Office of the uMgungundlovu District Municipality is located in Pietermaritzburg, the capital of KwaZulu-Natal. The district is 45 minutes from Durban, the busiest port in Africa, and astride the country's busiest

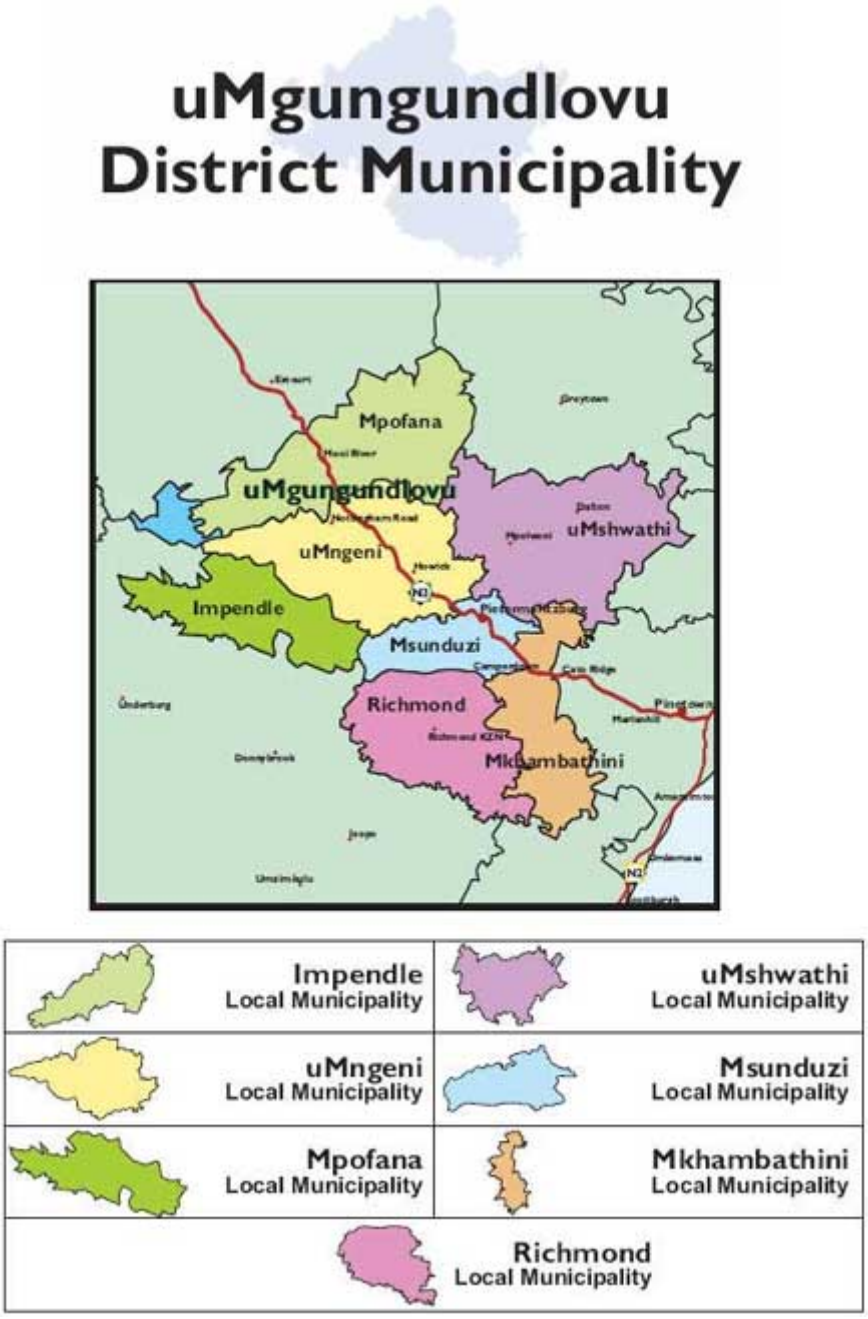
development corridor, the N3 highway, connecting Durban to Gauteng, South Africa's financial hub (uMgungundlovu District IDP, 2012-2017).

According to the District IDP, the business and economic development opportunities particular to the seven local municipalities in the district are mainly the following:

- **Industrial:** Aluminium, footwear, textiles, furniture, wood products, electronics, motor components.
- **Agriculture:** Timber, beef, dairy, sugarcane, citrus, exotic fruit, cut flowers.
- **Business:** Major service centre for the KZN Midlands area, legal services.
- **Tourism:** Parks and gardens, historical buildings and architecture, water sports, major international sporting events and game viewing (uMgungundlovu District IDP, 2012-2017).

The district hosts some of the most distinguished private and public education facilities in the country that range from primary schools, to a suite of well-known secondary schools to the tertiary institutions , amongst them being the University of KwaZulu-Natal. The fact that the Midlands area has become a popular retirement destination, with senior citizens relocating to the area attests to the natural beauty and advanced infrastructure, also in terms of medical facilities and air, road and rail transport (uMgungundlovu District IDP, 2012-2017).

Figure 3: Map of uMgungundlovu District Municipal Boundaries



Source: http://www.umdm.gov.za, 2014

1.2.3. Richmond Local Municipality Profile

Richmond Municipality is one of the category B municipalities and comprises seven wards. It is located in the southern part of the uMgungundlovu District Municipality (DC22) and is approximately 38

kilometres south of Pietermaritzburg, the capital of KZN. It is bordered by UMsunduzi Municipality to the north, Ingwe Municipality to the west, Mkhambathini Municipality to the east and UBuhlebezwe and Vulamehlo Municipalities to the south. The municipality is situated south of Msunduzi, west of Mkhambathini and borders the Sisonke District in the south west. It is also located on the Eastern Cape, Richmond, Msunduzi, and Greytown Primary Development Corridor. Richmond Municipality is approximately 1 232 square kilometres in extent with an estimated population of 56 772 and 12 679 households. It is the fourth smallest municipality within the uMgungundlovu District Municipality.

The majority of the population resides in areas that are predominantly rural and characterized by low levels of basic services and facilities and substantial unemployment. The village of Richmond in Ward 1 is the only urban centre. It is recognized as the main economic node due to the services provided and the nature of the activities which exist in association with legal services, primary health care, pension pay points, education and welfare offices and similar state services. Land uses within this area are typically urban mixed uses with high levels of limited infrastructural and services development and adequate provision of social facilities and services to support the resident population (Richmond Local Municipal IDP, 2012).

According to the Statistics SA Community Survey 2007 data, the total population of the Richmond Municipality is approximately 56 772 people and 12 679 households (Statistics SA Community Survey, 2007). This represents a proportionately marginal decline from 63 222 people and 12 533 households recorded in 2001. This can be attributed to a number of factors such as the HIV/AIDS epidemic and rural-urban migration processes linked to limited employment opportunities, better access to public services in major urban centres, and a general decline in the quality of life (Richmond Local Municipality IDP, 2012).

A large portion of the municipal area is devoted to agricultural activities, which is also the largest employer in the municipality. Agriculture contributes more than 50% of the Gross Geographic Product (GGP) and employment in the area. Closely related to this are timber and the manufacture of wood products. Investment opportunities in manufacturing enterprises linked to timber and agricultural activities centre on dairy, citrus, vegetables, poultry, pigs, cattle and sugar production (Richmond Local Municipality IDP, 2012).

In terms of the Provincial Spatial Economic Development Strategy, Richmond is located along a secondary agricultural corridor which serves areas with high poverty levels, but with good economic development potential. The coastal belt supports crops such as sugar cane, oranges, avocadoes and timber. Timber processing has been identified as a potential growth sector whilst subsistence farming is predominantly practised in all the rural areas (Richmond Local Municipality IDP, 2012).

After agriculture, the public service is the most important economic sector. The over-reliance on these two sectors is cause for concern and strategies to ensure economic diversification should be considered (Richmond Preliminary Economic Research, 2006).

Richmond's location can be viewed as disadvantageous in that the booming economy of the capital city has led to the migration of skilled and learned persons as well as the relocation of industry from Richmond to other areas. Richmond has experienced an increase in unemployment and poverty and a decrease in investment. The limited municipal resources to meet the increasing demand for service delivery to the poor has further exacerbated poverty conditions for the vulnerable population groups (Richmond Local Municipality IDP, 2012).

Historically, Richmond was one of the main sites of the Bambatha Rebellion and the Byrne Settlers. The local museum, the old court building and the prison are popular tourist attractions, while the UMkomaas River is a popular venue for white river rafting (Richmond Local Municipality IDP, 2012).

Table 2: Percentage sector contribution to GVA by uMgungundlovu DM and Richmond LM

	SECTOR	% GVA-Provincial	%GVA-DM	%GVA-LM
1.	Agriculture	4	7	20
2.	Manufacturing	22	22	-
3.	Mining	1	1	2.7
4.	Construction	3	3	-
5.	Transport	14	12	5.4
6.	Finance	20	18	-
7.	Electricity	2	2	-
8.	Wholesale & Retail Trade, catering & accommodation	14	11	9.9
9.	Community Services	6	7	-
10.	General Government	13	17	-

KZN District Comparative Advantages Report, 2012

According to the Richmond Local Municipality IDP (2012), Richmond is primarily an agricultural community and agriculture is a significant sector of the local economy contributing 20% to GDP and 18.5% to the total employment of the Municipality.

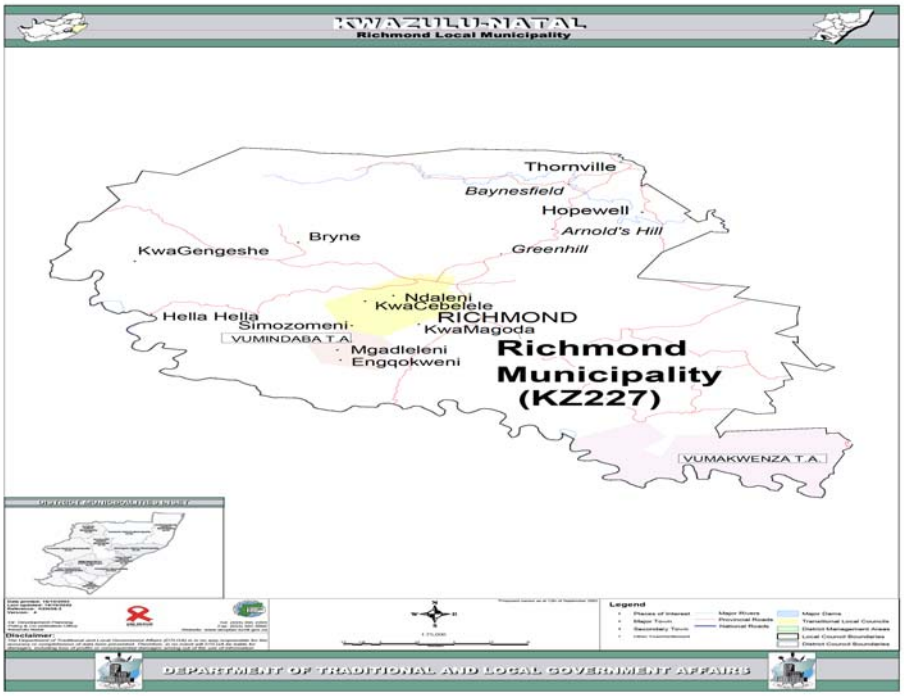
Despite the current agricultural activities undertaken in the municipal areas, Richmond has strong potential in farming and other activities because of the quality of the soils and climatic conditions.

The agriculture contribution to the Gross Value Add is much higher than the District according to the comparative analysis of this sector with the province. The manufacturing sector in the District is the major sector and makes a major contribution to the Provincial GVA with 22% (Table 2). It is interesting to note that there is limited or no information on the sector performance information of local municipalities within the district. Throughout, the sources of data, the analysis of sector performance is largely at District and Provincial levels. With the Local Government dispensation, it is equally interesting how sectors could be easily analysed at a District level, if local municipalities do not contribute to that. In the context of LED planning, it should be considered imperative to have the baseline on the sector performances on which to base the LED interventions for the growth and future performance of such sectors. The District also has a large tourism sector that cuts across all municipalities, while Richmond Municipality also has a large number of tourism products that need to be capitalised on in order to create jobs and growth in the sector. The transport sector is dominated by private taxi owners and associations. The main road linkage in the Municipality is the R56 route forming a north-south corridor that links Pietermaritzburg, Richmond and Ixopo. The R624 links Richmond to the south coast and the R603 connects to the N3 corridor.

Manufacturing and the ICT sectors in the Richmond Municipality have not been thoroughly analysed and at present there is no specific information on manufacturing and ICT activities undertaken in the Municipality, although the District records a higher percentage contribution of this sector to the provincial economy (Table 2). The mining sector in Richmond Municipality is done at a small scale and contributes 2.7 % to the GDP and 0.9 % to employment. Thus far there is little information on the mining activities undertaken in the municipal area.

The SMME sector in Richmond Municipality includes wholesalers and retail trade. Its contribution to GDP is about 9.9% and 10.7% to the employment in the municipality. Informal traders in Richmond are survivalist in most cases and provide support to family members. This sector is recorded as one of the growing sectors, both in the district and the local municipality, with a reasonable contribution being made to the provincial economy. The strategy of Richmond and the LED framework of the District identifies Small Business Support as the major intervention area by municipalities to attempt to curb the high rate of unemployment. The strategy identifies the current status quo as businesses that are survivalist in nature, but are recorded as making a significant contribution to the economy. It is not clear how the strategic thrust of economic growth could be centered around this sector, given the level of operation, without focusing on the establishment of big businesses. Their strategy indicates that the District including the Local, does not have the institutional capacity to implement LED and it is almost impossible to determine the success of the intervention and of the strategy.

Figure 4: Map of Richmond Local Municipality



Source: Department of Co-operative Governance & Traditional Affairs, 2011

1.2.4. uThungulu District Municipality Profile

The uThungulu District Municipality is a category C municipality located in the north-eastern region of KZN on the eastern seaboard of South Africa. It covers an area of approximately 8 213 square kilometres, from the agricultural town of Gingindlovu in the south, to the Umfolozi River in the north and inland to the mountainous region of rural Nkandla. It is home to several large international companies. The retail sector in its urban areas is growing and there is strong potential for the agricultural and tourism sectors with the attendant opportunities for local economic development (uThungulu District IDP, 2012/2017).

The district is home to six local municipalities: UMhlathuze, Ntambanana, uMlalazi, Mthonjaneni, Nkandla and Mbonambi. It has the third highest population in the province after the eThekwini Metro (Durban) and the uMgungundlovu district (Pietermaritzburg and surrounds).

According to the uThungulu IDP(2012/2017), the District Municipality is well-endowed with natural resources, with the following competitive advantages:

- A good climate that opens up avenues for productive agricultural and tourism development;
- Agriculture with irrigation infrastructure in place; and
- A scenic environment and coastal terrain which create opportunities for tourism development (uThungulu District IDP, 2012/2017).

According to its IDP (2013/2017), uThungulu District faces challenges in service delivery which are exacerbated by the geographical characteristics of mountainous terrain, long distances between rural areas and the urban centres, and prolonged periods of drought. Some 80% of the population is rural and 53% is aged between 0 and 19 years. Women make up 54% of

the population due to migration patterns associated with the province in general and there are large disparities in settlement concentrations. An important features of the uThungulu region is the largest deep water port (Richards Bay) on the African continent, which imports the most bulk cargo of all African ports (uThungulu District IDP, 2012-2017).

Richards Bay has double the capacity of the Port of Durban to its south and handles in excess of 75 million tons of cargo annually. The upgrading of the harbour facilities at Richards Bay has promoted the development of the manufacturing sector, such that the manufacturing sector is one of the largest economic contributors to the GGP in uThungulu. The district also offers highly favourable agricultural conditions as it has extremely fertile soils, good rainfall and enjoys a frost-free climate all year round. A wide variety of bio-climatic conditions are in evidence across the district, from the mountainous area of Nkandla down to the coastline (uThungulu District IDP, 2012-2017).

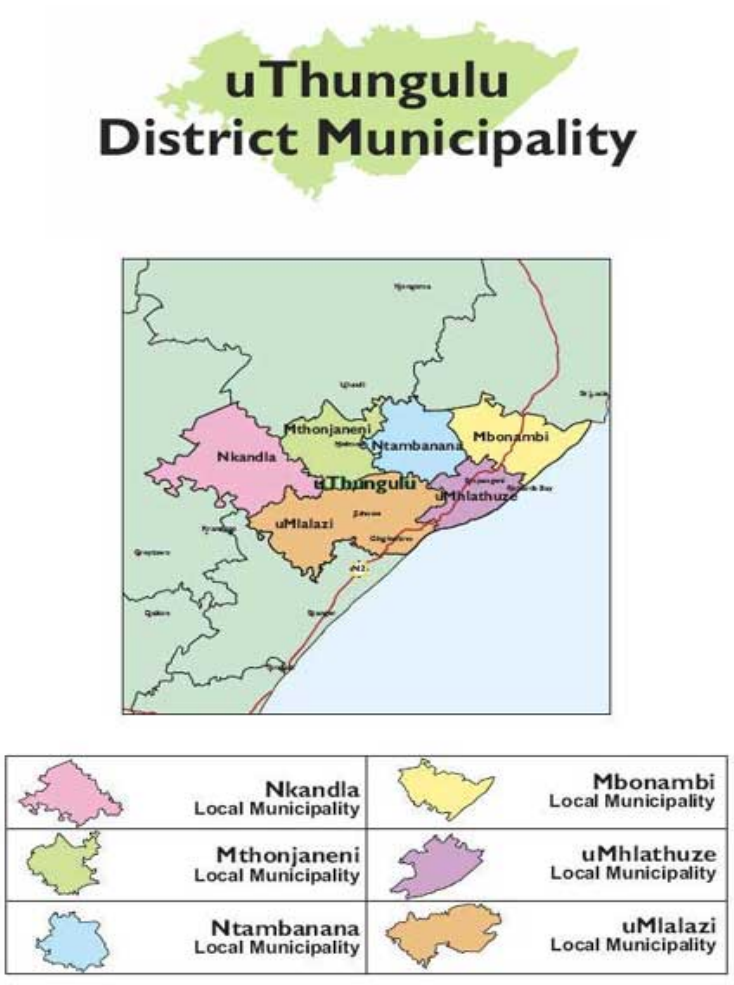
The agricultural sector is a dual economy, consisting of both commercial agriculture and traditional agriculture. The commercial agricultural economy is based on the sugar and forestry industries. Traditional agriculture is practiced on most of the tribal lands in the district and has enormous potential for growth. According to the 2010 Global Insight Statistics, 41.8% of economic performance in the district is based in UMhlathuze Local Municipality with its primary urban centres being Richards Bay and Empangeni (uThungulu District IDP, 2012-2017).

This area is the third most significant in the province of KZN in economic production and contributed 9.1% of the total GGP and 8.5% of the total employment (formal and informal) in 2010. The unemployment level in the area is 37.3% whilst that of the uThungulu region is 45.7%. Manufacturing is the dominant economic sector in the uThungulu District and is centered

in the City of UMhlathuze, although only 24% of the employed population works within this sector (uThungulu District IDP, 2012-2017).

The road network connects the major nodes, like Richards Bay and Empangeni, to the national network, although there is a concern that the heavy vehicles servicing the Port of Richards Bay and the adjoining industrial areas are placing considerable strain on the road infrastructure. Rail has been a declining transport sector, with no major commuter networks in place and limited industrial linkages, with the exception of the coal link from Mpumalanga to the Richards Bay Coal Terminal at the Port of Richards Bay (uThungulu District IDP, 2012-2017).

Figure 5: Map of uThungulu Municipal



Source: http://www.umdm.gov.za, 2014

1.2.5. UMhlathuze Local Municipality Profile

The City of UMhlathuze is situated on the north-east coast of the province of KZN, some 180 km north-east of Durban. The city borders a coastline that spans approximately 45 kilometres in length, of which nearly 80% is in its natural state. The N2 highway traverses UMhlathuze Municipality in a north-easterly direction towards the Swaziland and Mozambique borders and south-west towards Durban (Figures 6 & 7). It effectively forms a division between Empangeni and Richards Bay (UMhlathuze Local Municipality IDP, 2012).

The UMhlathuze Local Municipality functions as a district node and dominant commercial centre in the uThungulu District. It consists of a variety of clustered and *ad hoc* settlements that are linked with a well-developed network of roads and rail infrastructure. The key features of UMhlathuze Municipality include the N2 Development Corridor and the eThekwini-ILembe-UMhlathuze Corridor. The Dube Trade Port (King Shaka International Airport) approximately 145 kilometres away is an added advantage to the area in terms of investment attraction. The City has large, new industries, is experiencing company and port expansion, has an industrial development zone (IDZ), and extensive agricultural and forestry areas. Large industrial concentrations are located in and around UMhlathuze. This has enabled the City to become the economic centre of northern KZN (UMhlathuze Local Municipality IDP, 2012), contributing 7.6% of the total GGP and 5.5% of total formal employment in KZN.

The total area within UMhlathuze is 796 km² making it only 9.7% of the uThungulu District; it contains 32% of the district's population and has the majority of economic activity (88%) vested in Richards Bay, Empangeni and Felixton.

The City of UMhlathuze is characterized by highly developed urban areas surrounded by a poor and undeveloped hinterland, with a substantial segment of the total population considered rural residents (UMhlathuze Local Municipality IDP, 2012). The City of UMhlathuze is the third most important primary manufacturing area in KZN in terms of economic production with a significant presence of multinational corporations. This industrial concentration is supported by the output and activities of several important development nodes. Most of the industrial and commercial activities are vested in Richards Bay, Empangeni and Felixton (the industrial development nodes of the City of UMhlathuze).

The Port and the Industrial Development Zone (IDZ) are important assets that can successfully exploit opportunities to export to world markets. Policies have been designed to promote industrial growth and to encourage investment, with projects prioritised on the basis of their contribution to job creation. According to the Municipal IDP (UMhlathuze: 2012), the strategies and interventions revolve around the promotion of primary industrial development while creating an entry level into the market system for emerging businesses, the informal sector and Small Medium and Micro Enterprises (SMMEs).

Table 3: Percentage Sectoral contribution UThungulu District (DM) & UMhlathuze Local Municipality

	SECTOR	%GGP- DM	%GGP- LM
1.	Manufacturing	40.9	45.9
2.	Community Services	11.9	10.4
3.	Mining	15.2	11.6
4.	Transport	8.5	9.2
5.	Trade	6.5	6.3
6.	Finance	8.7	10.7
7.	Construction	2.1	2.2
8.	Agriculture	5.3	3.2
9.	Electricity	0.9	0.6

Source: Mqedlana, L: 2012

The manufacturing sector is the largest sectoral contributor to the economy, contributing 45.9% of to the district economy. Its proportional contribution has decreased slightly since 1996, with UMhlathuze Local Municipality being the biggest contributor in manufacturing, to the District GGP. Interestingly, only those contributions from the mining and finance sectors have shown an increase during the same period. The increase in the mining sector has been significant in that this sector is the second largest economic contributor above community services. Metals and related products is the biggest industry in the uThungulu manufacturing sector, contributing more than 40% of the nearly R4.6 billion worth of manufacturing output in 2004 (uThungulu District IDP, 2012-2017).

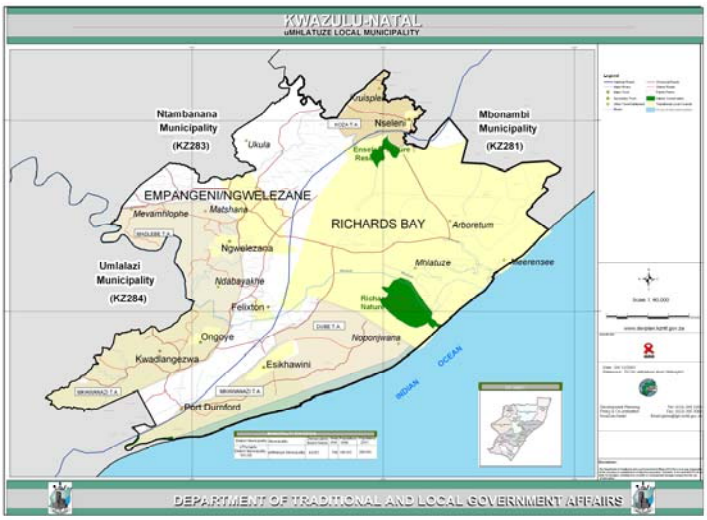
The second biggest contributor to the manufacturing sector in uThungulu is the petroleum, rubber, plastics and chemicals sector which contributed 18% or R830 million in 2004, followed by the wood, paper and printing sector that contributed 13% in 2004. The manufacturing of food, beverages and tobacco products, transport equipment products, and furniture products contributed more than R350 million each to the uThungulu economy in 2004. The sector focuses on exports with few forward and backward linkages with the rest of the district's economy (uThungulu District IDP, 2012-2017).

A significant number of these industries are based at Richards Bay within UMhlathuze Local Municipality, accounting for the highest contribution compared to other Local Municipalities across all economic sectors.

The Local Municipality accounts for the biggest contribution exceeding that of the District with all Local Municipalities combined; this applies for Manufacturing, Transport and Finance. It has been identified that SMMEs in uThungulu add a disproportionately small contribution to the local economy due to the presence of large manufacturers and exporters. Government support has been focused on large investments, with only modest assistance offered to develop and support SMMEs in uThungulu,

especially in the rural and underdeveloped areas. Private and non-governmental support has been fragmented and unco-ordinated. This has created the problem of the "missing middle" between locally based raw/bulk material producers and local retailers, with many local SMMEs becoming unsustainable. This gap is currently filled by national and international suppliers (uThungulu District IDP, 2012-2017).

Figure 6: Map of UMhlathuze Local Municipality



Source: Department of Co-operative Governance & Traditional Affairs, 2011

1.3 PROBLEM STATEMENT

Local Economic Development (LED) has been conceptualized and interpreted differently as it evolved internationally and was then extrapolated to regional and local contexts. This is also the case in South Africa. The different interpretations of the meaning of LED have resulted in a lack of consensus regarding a clear conceptual and theoretical framework to inform its implementation.

There are differing views about what LED is and what it should be focusing on. This influences the development of LED policies, strategies and approaches by different stakeholders. According to the South African National Policy Framework on LED (2006), LED strategies are centred on

creating a conducive environment for economic development and poverty alleviation. It is envisaged that LED will take place in a particular locality with the extensive involvement of all key stakeholders. These include the public sector and civil society; the anchor leaders of growth and development.

Globalization has become a vital driver of change in local and regional planning. The acceleration of globalization has exposed even the most remote areas to competition, which forces institutions in those regions or localities to adjust to new economic conditions. This has resulted in LED being recognized as a facet of development planning to facilitate the decentralization of resources from central institutions and to shift structures of government and governance respectively (Rogerson & Rogerson, 2010). LED strategies and approaches will therefore inevitably be informed largely by the decentralization policies of these institutions.

In response to the major economic and social changes confronting them, communities in the United States prioritized economic development. However, the policies that were formulated to address the aforementioned challenges were heavily criticized as there was no balance between the political and business perspectives on developing local economies (Fleischmann, 1991). While the focus was on identifying economic options, variations in the conditions under which communities thrive were not taken into account. Local Economic Development policies, approaches and strategies have emphasized certain variables more than others. In some instances, the focus was programmatic, while others emphasized the structural configuration and institutionalization of LED, and yet others identified agencies as key drivers and implementing agents of LED.

While there are different interpretations of the meaning of LED, there is growing international consensus that it is a process that engages key local stakeholders in pursuit of economic growth, employment creation utilizing local resources, and that it pertains to a specific locality.

Whilst it is acknowledged that South Africa's focus on LED is two-pronged, stakeholders are not always in agreement on the extent to which pro-poor or pro-growth interventions should be prioritized. The absence of explicit defining parameters of these interventions leaves LED practitioners and institutions without clear guidelines as to the focus and approach to LED. The LED policy framework has also exacerbated the lack of consensus and induced disagreement on the policies, approaches and strategies currently pursued by different stakeholders.

This study will thus explore different definitions and interpretations of LED as understood by key players in the South African context, with a focus on its manifestation in the province of KZN. It will examine the evolution of LED programme implementation which is assumed to have been informed by the meaning and interpretation of LED. Finally, it will interrogate how different interpretations impact on policies, strategies and implementation.

Furthermore, the study will zoom in on two Local Municipalities, UMhlathuze and Richmond which are rural- and urban-based municipalities to examine whether locational contexts determine use and interpretation of LED policies, strategies and implementation.

1.4 PURPOSE STATEMENT

The purpose of this research study is:

- To explore the different meanings and conceptualization of LED according to the literature.
- To understand how varied meanings influence or affect the narrative on LED policy formulation and implementation.
- To understand how this differential in meanings manifests in operations at local government level.
- To recommend an inclusive and content appropriate LED.

1.5 RESEARCH QUESTIONS

1. What are the different meanings attached to LED conceptualization?
2. How is LED generally projected and understood in relevant academic literature by South African policy-makers?
3. How do these varied interpretations affect the way policies are formulated and implemented?
4. What is the implication of these LED definitions for municipal LED policies in the local context?

1.6 RATIONALE FOR THE RESEARCH

The stimulus for this research is the perception that LED discourse depicts different interpretations and meanings of this concept. These different interpretations have evolved both internationally and domestically. The research study intends to examine academic discussions around the current LED strategies and policies in South Africa in order to facilitate a content-based South African definition of LED, identify common approaches and examine the strategic thrust of LED interventions.

There is an abundance of literature on the differing interpretations of LED. Many of the differences are attributable to the policy framework on LED and most of the studies were conducted before the adoption of South Africa's LED policy framework. As far as the researcher is aware, this is the first such study undertaken after the adoption of the National Policy Framework on Local Economic Development in South Africa.

This study therefore also examines how different understandings of LED translate into policy formulation at both provincial and local levels. It identified the KZN Department of Economic Development and Tourism as a key stakeholder and informant to provide a provincial perspective on

LED. The conclusions drawn on the sampled municipalities' rationalizations for their chosen approach to LED provide a scientific basis for them to be applicable to other municipalities. Two municipalities will be compared in terms of their response to the research questions and their approach to LED, to investigate whether location influences the strategies that are designed to overcome LED challenges in these communities. Therefore the research study will not be investigating a general trend, but will sample municipalities and compare the findings and draw conclusions.

1.7 LIMITATIONS OF THE STUDY

The available literature and research on the conceptualization of LED is largely based on the international context, in the period before the South African government adopted its LED framework. There is limited research on rural development and a bias towards urban development, which implies that there is a paucity of comparative literature against which to measure the findings. This study therefore examines LED implementation in both urban and rural settings.

According to Creswell (2003), on the one hand the use of a theory in effect delimits the scope of the study if researchers use it at the beginning of a study; on the other hand, it draws parameters around interpretation if it is used at the end. However, researchers need to delimit their proposal so that readers understand its parameters. The acknowledgement of the existence of different interpretations of LED already suggests that the question under investigation might not reveal any new substantive facts. Whilst the theoretical framework focuses on shaping readers' understanding of the rationale behind the study, it also compartmentalizes the reader's understanding and expectations of the entire study before the actual findings are presented. This study has drawn most of its data from published journals, papers, articles and a few books focusing on LED, economic development, development, and theories and approaches to

development. A major part of the data is also drawn from government policies and municipal LED strategies, backed by individual responses to questions during interviews. Whilst the study is broad and can easily persuade a number of people to participate by providing their input and understanding of the investigated question or hypothesis, it is not a simple matter to engage more people.

Further limitations are envisaged through the use of qualitative data collection methods where the findings might be interpreted differently by different people. The engagement with governmental officials might project a biased focus and response to the research questions as they are the custodians of LED, and their views may be subjective.

1.8 CHAPTER OUTLINE

Chapter One: Introduction

The first chapter provides a background to the study, including the context that has informed the study and LED as a concept in the literature and South African policy documents. After mapping the background, the research problem which interrogates current discourse in the interpretation and meaning of LED is outlined. This explains how the policy framework has shaped the evolution of LED and its application.

Chapter Two: Literature Review

This chapter reviews relevant literature on the concept of LED and the general understanding of the meaning of LED by different stakeholders. It focuses on LED as a concept, how it has evolved from an international perspective to the South African context and then zooms into the case of KwaZulu-Natal. It further explores different definitions, meanings and interpretations of LED by different authors and institutions whilst identifying commonalities and differences to inform the emerging themes on the subject under study. The exploration of LED policies and strategies as informed by the South African Policy Framework is captured in this

chapter. This chapter further draws conclusions on the impact of the failure or absence of a common definition of LED as a concept.

Chapter Three: Research Methodology

This chapter outlines the methodology used to gather the relevant data on the research subject and the rationale behind the selection of the methodology. It presents the approach and research design used to collect data, the reasons for selecting this design rather than others and how it enhanced data collection and increased the validity and reliability of data. The selection of the population to validate theoretical views requires selection of a sampling method. The sampling methods used to gather data for this study and the rationale for their selection are also presented. This chapter explains how data were collected, what data were collected, who it was collected from, the sources of the data, and how it has been analysed for presentation in the subsequent chapters.

Chapter Four: Data Presentation

This chapter presents the data gathered through interviews, questionnaires and observations.

Chapter Five: Research Findings

This chapter presents the findings of the research study. It interrogates the interpretation and analysis of the data to provide answers to the research questions.

Chapter Six: Conclusions and Recommendations

This chapter will draw conclusions based on the analysis of the results and a coherent understanding of LED. This chapter will propose recommendations for a common understanding of the concept of LED and possible areas for further research.

1.9 CONCLUSION

This chapter acknowledges that there are differing views on the meaning and interpretation of Local Economic Development and has given the background to establish the basis for the rationale behind these differences. The chapter has also contextualised the study by providing the background of the areas under study so as to present the basis for critiquing and analysing the identified settings. The context of Local Economic Development as a concept is largely dependent on the economic capacity of a particular local area to produce significant results. The economic capacity includes the ability of the responsible institutions driving development and the extent to which they can package sound strategies for economic development. The comparison of the profiles of the two districts and local municipalities provides a different context for the municipalities in terms of demographics, economic potential, and the rural and urban nature of each municipality whilst also considering the contribution of industry performance in the local economy.

It is interesting to observe how the location of the World Industries at UMhlathuze has influenced the LED strategies of the Local Municipality. All the municipalities are rich in natural resources and are strategically positioned within the developmental nodal points in the Province. Richmond Local Municipality is characterised by an extensive rural spread of the municipal area, whereas UMhlathuze has huge industrial hubs and accounts for a less rural geographic spread.

The identified Municipalities are presented as key subjects in the study mainly because of their functions in the development and implementation of Local Economic Development strategies.

CHAPTER TWO

PROBLEMATIZING LOCAL ECONOMIC DEVELOPMENT CONCEPTUALIZATION AND MEANING

2.1 INTRODUCTION

Local Economic Development (LED) as a concept is understood and implemented differently around the world. While the role of government seems to be significant in all cases, the level or extent of this involvement also differs widely.

This study maps the evolution of LED as an international concept to its application in the South African context. Secondly, it presents the different definitions of LED found in the literature and explores the fundamental similarities and differences in the understanding and operationalization of LED in different countries based on the reviewed literature.

Arising from such definitions, similarities and differences, the study identifies key themes and theories that inform LED. Given that the study is located in South Africa, it also reviews previous South African case studies. The evolution of South African legislation and policy on LED post-1994 to date is examined. This review also explores the extent to which the current national policy framework advances or impedes LED implementation in the country.

The study therefore reviewed current literature on LED, including academic writing, position papers, strategy and policy documents, books and reports by different authors. The literature review is based on international and South African perspectives on LED that inform the history, evolution, current understanding and interpretations of LED as a concept.

This study proceeds from an assumption that the manner in which LED policies and strategies are crafted might lead to a significant disjuncture between formulation and implementation approaches due to different and conflicting interpretations.

South African municipalities allegedly suffer from a lack of institutional capacity and that has led to the widespread use of private LED consultants. These consultants have failed to pass on their skills to municipal LED practitioners in order to build institutional memory for long term benefits. As a result, local officials have not taken ownership of the meaning and interpretation of LED in their day-to-day practice. It is also important to note that ordinary citizens are disempowered as a result of the different emphases attached to LED at a conceptual level. This might have contributed to the current lack of consensus on what LED means for ordinary people on the ground.

It has not been established whether definitions of LED are influenced by the academic literature, and the history of the evolution of LED as a concept will be investigated to trace its origins in order to understand the current contestations around the meaning of LED. This chapter explores the different meanings of LED defined by different authors and applies a comparative analysis, outlining key areas of commonalities and differences. The context and school of thought underlying the different definitions are also interrogated to further understand the distinctions and interpret them. In understanding the commonalities and differences, emerging themes are identified and analysed with a strong emphasis on the theoretical framework on LED. This chapter also explores the need for a strong LED legislative and policy framework, based on the evolution of the concept as a regional and local economic development approach that acknowledges current policy developments and government priorities. LED policy developments in South Africa are explored for the period 1994

to 2014. Emerging trends in policy development are identified at both the national and provincial levels of government.

A key concern of this study is therefore to identify the main defining variables of LED and establish a common understanding at different levels of engagement.

2.2 DEFINING LOCAL ECONOMIC DEVELOPMENT

Local Economic Development has its origins in the cities of the global North during the late 1960s and early 1970s against a backdrop of global restructuring and decentralization. This is also illustrated by Rodriguez-Pose (2008), emphasizing that the development challenges posed by globalization precipitated a serious rethinking of the validity of former approaches to developmental planning. This spurred the rise and strengthening of LED approaches (Rogerson, 2010). LED emerged when governments in the developed countries resorted to centrally focused development approaches after national policies had failed to respond to local needs and circumstances.

An important shift took place from the traditional local government approach of urban managerialism to what was styled “urban entrepreneurialism”, wherein local states function as entrepreneurs. According to the World Bank, local governments recognized they had a potential role to play in enhancing the economic viability of their communities. Promoting Local Economic Development has become a growth sector in the international technical assistance industry, both in transformation economies and developing countries (Cunningham & Stamer, 2005). By interrogating their economic base, understanding their local imperatives and obstacles to economic growth and attracting investment in strategically planned programmes and projects, localities could make a difference in terms of local employment and economic growth (Rogerson, 2010: 466).

Cunningham & Steiner (2005) also observed that the experience of the 1990's reinforced observation for a strong need to develop active measures to promote economic development in low and middle income economies given the high levels of unemployment and poverty.

There are numerous recognised definitions of the LED concept by various international organisations and key players in the development space. Amongst those definitions, there are key fundamentals that each organisation lifts out and are illustrated in the following definitions;

The World Bank (2003) therefore defines LED as a purpose to build up the economic capacity of the local area to improve its economic future and quality of life:

> *"… it is a process by which public, business, and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all"* (World Bank Local Economic Development Premier: 2003).

UN Habitat (2003) provides the following definition:

> *"Local Economic Development (LED) is a participatory process where local people from all sectors work together to stimulate local commercial activity resulting in a resilient and sustainable economy. It is a tool to help create decent jobs and improve the quality of life for everyone, including the poor and the marginalized"* (Cunningham & Meyer-Stamer, 2005:5).

According to Rogerson (2010), the ILO defines LED as,

> *"… a participatory development process that encourages partnership arrangements between main private and public stakeholders of a defined territory, enabling the joint design and implementation of*

common development strategy, by making use of local resources and competitive advantage in the global context, with the final objective of creating decent jobs and stimulating economic activity" (Rogerson, 2010:467).

The German Technical Cooperation (GTZ), a major international development organization actively involved in LED, initially felt that it should be about local

"… *activities to make markets work well and aim to create places and opportunities to match supply and demand as well as promote new business opportunities".*

According to Fosler (1991), Local Economic Development refers to,

"a process of creating wealth through the organised mobilisation of human, physical, financial, capital and natural resources in a locality, with the aim of producing higher standards of living, improve the quality of life, alleviate poverty, create more and better jobs, advance skills and build capacity for sustained development in future".

This definition has since evolved to define LED as,

"… an ongoing process by which key stakeholders and institutions from all spheres of society, the public and private sector as well as civil society work jointly to create a unique advantage for a locality and its firms, tackle market failures, remove bureaucratic obstacles for local business and strengthen the competitiveness of local firms" (Rogerson, 2010:467).

This definition is underpinned by a market-development driven theory which identifies firms as central objects of analysis and the attractiveness of a locality as the objective of public policy or local action. The same assertion is portrayed by Cox & Mair (1988), who indicate that the local dependence of firms can lead to the formation of local business coalitions

to promote Local Economic Development; with Local Government institutions being equally locally dependent with a distinct interest in local economic growth.

Some LED theories centre on alternative development, where the central belief is that there are a growing number of people and localities that are unable (due to severe market failure) or unwilling to participate in (capitalist) market-driven development, either because they lack essential capabilities or assets, or because people are motivated by the search for a different, humane, socially or environmentally responsible lifestyle (Rogerson, 2010:469).

According to Swinburn (2006), LED is,

> *"… a measure to build economic capacity of a local area in order to improve its economic future and quality of life for all. It involves a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation".*

Hampwaye (2008) defines LED as,

> *"… a process in which partnerships between local governments, NGOs, community based groups and the private sector are established to manage existing resources, to create jobs and stimulate the economy of a well-defined area".*

Bryant and Preston (1990:4) defines LED in the context of a strategic planning framework as,

> *''… a process with a purpose, viz. influencing the patterns of growth, decline and restructuring of economic activity to meet the community's needs and objectives more effectively''.*

LED is further defined by Turvey (1996: 2) as being,

"… *an endogenous process of transforming the local economy through the use of planning and implementation tools and techniques''.*

2.3. INTERPRETATION OF MEANINGS OF LOCAL ECONOMIC DEVELOPMENT

The definition of LED by the aforementioned development institutions and various authors could be interpreted in a number of ways. This study interprets them according to the contexts that have informed LED in different parts of the world as presented in the reviewed literature. The literature reveals that industrialization, modernization, urbanization, globalization, and decentralization have been the most dominant contexts within which LED was conceptualized. There are equally dominant themes that emerge from all the definitions with some commonalities and differences; these have been interpreted by the researcher to illustrate the link between the definition, interpretation and the application thereof which informs the policy focus and approach to LED. The dominant themes that have defined LED are identified as a process; an economic development intervention; a locality and/or a geographically-based intervention; and a collaboration or partnership of stakeholders. These identified themes are observed and interpreted based on the specific definitions of LED with a focus on the common factors and differing views.

2.4. AGENDAS OF LOCAL ECONOMIC DEVELOPMENT

The adoption of LED as a development concept has been informed by an array of conditions and circumstances that have prompted the state to adopt a particular development focus. These imperatives have contributed to the definition of LED, with a common goal of addressing the development *status quo* of the targeted communities.

The LED strategy for UMhlathuze Local Municipality is informed by the Provincial Spatial Economic Development, the Provincial Economic Development Strategy, and the Corridor Development Strategy.

Underpinning the strategy are the principles of the National Spatial Development Perspective. The sector focus of the strategy is also informed by the key provincial economic drivers of economic growth, the agriculture, and Industry, Tourism and service sectors, including government. The strategic thrust of UMhlathuze LED strategy stems from the notion that government creates a conducive environment for businesses to thrive for them to create wealth, job opportunities and improved standard of living of communities.

The Richmond Local Municipality crafted a strategy whose principles are articulated as those of the national and provincial policies which provide a context for government to ensure a significant contribution to changing the quality of life for all the citizens. It recognises that it is government's priority to significantly reduce poverty and unemployment.

The development focus has ranged from an industry perspective to a more socio-political perspective defined by particular eras, trends and the dominant political systems across the world. The context of any form of development is therefore judged in terms of the extent to which it would precipitate the kind of development envisaged by a particular country. The following contexts have therefore informed and defined LED approach, policy and practice.

2.4.1. Industrialization and Modernization

Nel and Rogerson (2005) argue that LED emerged as a clear planning trend in many parts of the developing world in the 1990s. This era was characterized by large-scale central state-driven programmes aimed at modernizing and industrializing national economies. Cox & Mair (1988), acknowledge that the contemporary restructuring of the space economy in the United States has led to rapid changes in the structures of local economies. Some areas are affected by deindustrialisation whilst others are experiencing rapid economic development as a means to assure some role for each locality in the future space economy.

2.4.2. Urbanization

The development and growth of any economy is largely dependent on its labour and human capital resources. Economic growth is centralized around specific areas and the movement of people to these economic powerhouses precipitates urbanization. This results in induced demand *versus* the supply in any form. The evolution of LED was therefore a response to urbanization, which focused development on the population size and its economic activities. This resulted in urban areas becoming the central focus for LED (McIntosh Xaba and Associates, 2005: 6). A focused development intervention in specific localities or defined territories to avoid urbanization and the concentration of the population therefore prompted the adoption of LED.

2.4.3. Globalization

The increasing globalization of economic processes stripped national governments of some of their power and authority over decisions related to the management of the economy (McIntosh Xaba and Associates, position paper on LED, KZN, 2005: 6).

The international experience suggests that opportunities arising from economic globalization have been more restricted and severely threaten local economies in low and middle income countries (Hindson, 2005). Hindson alludes to the fact that the logic of globalization is not only the logic of integration but also of exclusion and differentiation, with some parts of the world being linked to the world economy and some being de-linked. Most of South Africa's municipalities have weak and declining economies with rising unemployment rates, whilst some of its metropolitan cities have relatively prosperous economies that enjoy global linkages. The country's LED policies should therefore be based on these realities, as small or weak economies will continue to decline unless the challenges inherent in globalization are addressed.

2.4.4. Decentralization

The literature on the African experience of LED dates back to decentralization, but the recorded progress indicates that post-apartheid interventions in South Africa contributed to the country playing a leading role in LED planning on the African continent.

Local stakeholders formed associations with the aim of addressing local needs and the need for local action in response to a range of issues that affected the development of local communities. National governments were forced to decentralize, giving more powers and functions to local states in their respective areas to deliver LED programmes (McIntosh Xaba and Associates, 2005: 5).

Furthermore, the World Bank Report (2003) on LED argues that the combined impetus of structural adjustment programmes that sought to reform the public sector, market liberalization and globalization processes led to LED planning acquiring greater significance as a wave of decentralization swept across the South (Investigating Pro-Poor LED in South Africa, 2004: 5).

While decentralization was a deliberate and planned transfer of resources away from the central state institutions, it was also a key factor in the expansion of LED planning across the world (Nel and Rogerson, 2005).

Government focus on either centralised or decentralised power has been shifting from one paradigm to the other based primarily on political interests and ideologies. In the South African context, the introduction of the National Planning Commission, a new government initiative, has again centralized the powers and functions of strategic planning for the country. The planning function had been largely decentralized to government departments at both the national and provincial levels, and even local government had its own planning cycle which was not necessarily linked to

the other two spheres of government. The fact that the National Planning Commission is chaired by the Minister in The Presidency and is responsible for the development of a long-term vision and strategic plan for South Africa signifies the centrality of the function on the President's agenda. This location in itself indicates the level of monitoring envisaged, but there is no clear indication of how departments are expected to plan or how the Commission is linked to the current planning cycle of government. According to Treasury Regulations, departments' planning cycles are linked to their budgeting and reporting cycles, which are prescribed by law to ensure compliance and accountability. The indications are that the process of developing a national strategic plan will embrace discussions and engagement with stakeholders across the country; the 'how' part is of most concern. The National Planning Commission is also expected to advise on cross-cutting issues that impact on South Africa's long-term development. This is a strategic role that should perhaps be the core function, considering the diverse calibre of the Commissioners.

The Commission will also work with broader society to draw on the best available expertise, consult the relevant stakeholders and help to shape consensus on how to approach the key challenges facing government. Government has often taken a sectoral and short-term view that has hampered development.

The rationale for the establishment of the National Planning Commission is to assure the people of South Africa that government is building a state that will grow the economy, reduce poverty and improve the quality of life of its citizens. Elements related to LED that have the potential to ensure South African society's sustainability have been identified as key areas that the Commission will also advise government on. These are food security, water security, energy choices, economic development, poverty and inequality, the structure of the economy, human resource development, social cohesion, health, defence capabilities, and scientific

progress. However, the practicality and the process of integration of these issues in departmental and municipal plans remain open to question.

2.4.5. Liberalization and Privatization

Simon (2005) traces the emergence of LED in the North as being a response to liberalization and privatization, which entail a reduced role for central government. He further claims that a similar situation resulted in South Africa in adopting LED:

> *"In South Africa, liberalization and privatization were introduced by the apartheid government in the late 1980s for a combination of reasons reflecting both the international trends and the desire to reduce the scope for redistribution available for the future ANC government*".

2.4.6. De-industrialization

De-industrialization is a consequence of the industrial rationalization, globalization and economic recession experienced in Northern countries and South Africa. Industry and mining closures resulted in job losses and socio-economic instability which takes years for regions to recover from. This devastation of mining centres is a global phenomenon which was as a result of a myriad causes some based on the inevitable depletion of the resource, some due to broader structural changes impacting the mines profitability, the highly mechanised mining, the fall in the price and demand of , and many other causes (Nel, et al, 2003). South Africa experienced the extreme setbacks induced by de-industrialization, particularly in the mining sector in many provinces, including KZN. This crisis gave rise to the emergence of local and regional strategies and LED interventions to address unemployment and economic restructuring. In KZN, the crisis led to the institutionalization of LED in municipalities.

2.5. COMMONALITIES AND DIFFERENCES IN THE DEFINITION OF LOCAL ECONOMIC DEVELOPMENT

The literature review revealed commonalities and differences in the definitions of LED by individual researchers and institutions. A range of definitions of LED were found. Rogerson (2010: 466) highlights that LED as a concept is elusive, with numerous contestations as to what it is, what it means, and what it should be. While some define LED as an increase in a local economy's capacity to create wealth for local residents, others paint a much wider LED canvas as a territorial concept and part of local development or regional management. It aims to stimulate the local economy to grow, compete and create more jobs, particularly by making better use of the available resources.

According to Cunningham and Stamer (2005), LED is a pragmatic response to a visible need; however there are doubts about its efficacy based on the experience of industrialised countries. They also indicate that LED as a concept, carries a number of dilemmas and paradoxes in the era of economic globalisation.

Other authors consider LED to be a process in which partnerships between local governments, NGOs, community-based groups and the private sector are established to manage existing resources, create jobs and stimulate the economy within a defined locality (Rogerson, 2010: 466).

This notion is also supported by Abrahams (2003) wherein he sees LED as an approach wherein Local Government is encouraged to intervene actively in their local economies to protect and create new jobs, to attract investment, support economic growth, and oversee the redistribution of resources and restructuring of industry structures.

The similarities in the above definitions include the need for key stakeholder partnerships, economic growth and a major focus on changing

people's quality of life. These commonalities have informed the South African approach to LED, with an emphasis on partnerships at local level and the need to change the quality of life of the marginalized in those localities.

The approach to and application of LED on the ground also differs with regard to the emphasis placed on certain goals in different parts of the world. The World Bank Report notes that, from a comparative international perspective, the different approaches include pro-business or market-led approaches, and pro-poor or market critical variants (Investigating Pro-Poor LED in South Africa, 2004: 5). These differences are observable in the South African context.

The commonalities and differences have been clustered and analysed according to identified thematic areas. According to the reviewed literature, four substantive emerging themes can be identified in the definition of LED:

1. LED as a process;
2. Economic development intervention;
3. A locality- and geographically-based development intervention;
4. A collaboration of key stakeholders.

2.5.1. A Development Process

The World Bank, the International Labour Organization, UN Habitat and the German Technical Cooperation all understand LED to be a "development process". The World Bank defines it as a process by which the public, business and non-governmental sectors work collectively. UN Habitat defines it as a participatory process by which local people collaborate. The ILO further defines it as a participatory development process that encourages partnership engagements. The GTZ identifies

LED as an ongoing process where all previously mentioned stakeholders collaborate jointly to create a unique advantage for local firms.
Hampwaye (2008), in his definition of LED, also outlines it as a process in which partnerships are established. Bryant and Preston (1990:40) also defines LED in the context of a strategic planning process as a process with a purpose. Turvey (1996:2) observes that LED is an endogenous process of transforming the local economy through the use of planning and implementation tools and techniques.

The identification of LED as a process, rather than a project or intervention, is a dominant theme in the literature. Whilst the defining variables of that process may vary, there is consensus that LED is a process that stakeholders should engage to bring about the development of the target locality with all its definitive aspects.

2.5.2. A Locality- and Geographically-based Intervention

The concept of LED has come to enjoy increasing credibility as a locality-based development response to economic crises and to the opportunities and threats offered by globalization. While LED defies easy definition, it is broadly associated with issues of local control, and the use of local resources and locally-determined interventions to create employment opportunities and promote development (Nel *et al*., 2007).

The National Spatial Development Perspective (NSDP) released by the Presidency in 2006 to provide a framework for spatial planning in South Africa has three fundamental focus areas: a shared understanding of the national economy, a principle-based approach to co-ordinate and guide policy implementation across government; and an interpretation of spatial realities and implications for government intervention. Local Economic Development has therefore been informed by the spatial imperatives of development in the provinces which provide a baseline and particular focus for activities that are largely economic in nature, to integrate poverty

reduction measures in peripheral localities that do not have the potential to undertake economic activities on their own.

According to Rogerson (2008), the National Spatial Development Plan which is contextualised in the Provincial Spatial Economic Development Strategy (PSEDS) places the onus on local communities to argue their case for government resources to be allocated to their areas, starting at the level of municipalities and trickling down to communities. This encourages local government through their IDP and LED strategies to develop coherent interventions that will overcome their low level of economic potential and stimulate growth. According to Abrahams (2003), the IDP centres its thrust on the local economic development strategies and as a vehicle through which sustainable development can be achieved, whilst creating an environment for cooperation and partnerships. It is possible that once growth takes a firm hold in one part of a specific territory, certain forces that act on the remaining parts are set in motion. Therefore locating LED in a particular space or territory not only defines the programme of action, but also defines the nature of the involvement of such communities and the benefits that communities will derive from the intervention.

According to Rogerson (2008), Local Economic Development theory is therefore viewed as a branch of regional development theory with an intra-urban focus, exploring the actors, structures and processes of local regional growth as these exist and take place within a particular defined territory (Rogerson, 2003).

According to Turvey (2006), the themes that dominate LED include ‘bottom-up initiatives’, locally-inspired efforts to promote entrepreneurship at the community level or in neighbourhoods within urban areas in terms of local agency in policy, research and development. In his research on economic development strategies, he alludes to a four-stage model of a

bottom-up approach to economic development focused on local entrepreneurship, where endogenous factors provide the necessary conditions for growth, and entrepreneurs and human capital are important factors for local development. The bottom-up approach seeks to broaden community involvement in LED that values local participation and popular input in terms of action, policies and institutions, thereby stressing the role of individuals and institutions in that locality (Turvey, 2006). This approach acknowledges the members of such communities as the source of their own development solutions and development processes that emanate from joint discussions with community members and are not only based on case studies and boardroom decisions and planning on the part of government officials.

Economic growth necessarily takes place in a given space at a given point in time and is a progressive shift of the growth factors from the lowest points to points above the previous levels, thereby signifying growth. It follows that the growth of economies in a region or locality will be defined according to certain variables that signify progress from one position to the next.

According to Hirschman (1958:183), economic progress does not appear everywhere at the same time. Once it has appeared, powerful forces make for a spatial concentration of economic growth around the initial starting points. He further argues that there is little doubt that in order for an economy to lift itself up to higher income levels, it must first develop regional centres of economic strength. This has led to the emergence of growth points or poles; inequality of growth is therefore an inevitable condition of growth (Hirschman, 1958: 183). In the absence of efforts that target location-based development, some areas would not experience growth, whilst others grow significantly. It is also becoming clear that the locality or location basis of LED is not just about a territory in terms of physical location, but also about the inhabitants of such an area. This

involves existing local resources, the development of the local people, and of local competitiveness.

Studies conducted prior to 1960 indicate that basic cost factors were the dominant determinants of industrial location patterns, with primary importance being assigned to transportation, access to markets, access to material inputs and availability, and cost of labour. It has since been noted that business location decisions are influenced by the competence of the labour force, state and local taxes, the regional business climate, quality of life factors, and other regional differences (Blair and Premus, 1987). It is interesting to note that the theories that define the location of development interventions look beyond the elements that LED traditionally considered. If the location of businesses which would provide economic development and job creation opportunities also depends on the cost of doing business in a specific location, the nature of the businesses that will be attracted to certain localities will vary and might not meet the needs of that particular community. Collaboration therefore becomes critical and government might need to consider offering subsidies or incentive schemes to business in order to uplift local communities.

2.5.3. Economic Development and Job Creation

Blakely and Bradshaw (2002: 160) argues that in designing appropriate LED strategies, there is a need to first analyse the socio-economic base and development capacity. This process leads to the identification of opportunities, challenges and resources available within that locality, as well as specifying the local economic goals and the target sectors and groups. Therefore, within the broader definition of LED, it is important to have a premise to direct the focus to identifying common ground.

The definition of LED in terms of economic development variables is underpinned by the local economic regeneration theory which examines market-driven development (Rogerson, 2010: 469). This focuses on how

localities can avoid falling behind and whether and how economic regeneration of these localities can be achieved by mobilizing local entrepreneurship, raising the capabilities of local people and promoting inclusive economic organization (Rogerson, 2010: 469).

Rogerson (2010) adds that in developing countries like South Africa, LED is viewed as an appropriate intervention that local governments in particular can engage in to improve socio-economic conditions and respond to economic crises. LED is further understood as a mechanism to create economic growth and some view it as economic development.

The other significant difference in these definitions is that, whilst most authors define LED in terms of economic development, the economic objectives vary, as do the envisaged outcomes of LED. Whilst this underlying theme focuses on economic development and job creation, it is still acknowledged that economic development should take place within a particular geographic space.

2.5.4. Partnerships/Collaboration of Stakeholders

Local Economic Development is also defined within the context of a need to establish partnerships with all key stakeholders. Commonly identified key stakeholders include government, the private sector and civil society, while others emphasise the importance of civil society-based institutions which include NGOs. Such partnerships focus on collaboration to foster the development of a specific locality with vested interests in the upliftment of local communities to improve their quality of life. The involvement of civil society empowers communities to promote the development of their own communities. Partnerships in LED are also important for the mobilization of resources amongst all stakeholders. The belief is that every stakeholder's contribution will facilitate joint ownership of the planned or pursued development; partnering thus has a purpose and a common goal. Development agencies, including the ILO, the World Bank, UN Habitat and

the GTZ, stress the importance of the collaboration and participation of all key stakeholders.

2.6. LED FEATURES DRAWN FROM LITERATURE

The literature review has shown that poverty alleviation is a more vital policy issue on LED agendas in the developing world than in the Western European, North American or Australian contexts, where the core focus of LED planning tends to be community development, small enterprise development and locality development. In the South, a strong emphasis is placed on the promotion of industrial clusters, the small enterprise economy in general as well as the informal economy (Investigating Pro-Poor LED in South Africa, 2004: 5).

It is also acknowledged that international agencies play a significant role in LED, especially when it comes to packaging approaches and researching specific areas. There is a growing scholarly literature that documents various aspects and case studies of LED operations in the developing world context (Investigating Pro-Poor LED in South Africa, 2004: 5).

According to Nel and Rogerson (2005: 1), the conceptualization and practice of LED has gained enormous acceptance throughout the world as a local intervention to address the challenges posed by globalization over the past two decades. In his latest publication, Rogerson (2010: 470) observes that, although LED embodies a clear economic focus, it is increasingly considered to be not only about economic growth; rather it is ultimately geared towards attaining a sustainable development pattern which accommodates and reconciles economic, social and ecological issues and objectives.

At a time when LED approaches are diffusing from developed to developing countries, it is appreciated that while LED may not be a

panacea, it is offering new options in parts of the world where traditional policies have been exhausted (Rogerson, 2010: 470). This also implies that defining variables of what LED means should be established, whether one lives in South Africa or in any other part of the world, even though local circumstances would ultimately define the focus and interest within a particular country.

In the South African context, the NSDP describes the spatial development vision of government to inform development planning at all levels of government and provides an overarching framework for LED planning with a coherent understanding of spatial realities (Rogerson, 2008: 314). This framework points out that LED activities relating to fixed investment should be located in areas already identified as having economic growth potential.

Conversely, areas that have low economic potential should concentrate on the provision of essential services, human capital development, poverty relief programmes, and reducing the costs of migration (Rogerson, 2008: 314). The identification of locations or areas with high potential and low potential in the NSDP is significant for the spatial allocation of resources for the development of infrastructure. Whilst a spatial development focus facilitates the concentration of resources in order to maximise impact on specific localities, it delinks economic relations between two areas that have opposite potential.

However, this advances the theory that growth in one point may induce growth in several other points by contributing to pressures, tensions and compulsions towards growth at subsequent points. The rationale for the growth points to have a precipitating effect should not be restricted to the same region with the same privileged growth space. The same phenomenon applies to social or income groups, where once one group has displayed readiness to acquire new wants and is able to afford the products to satisfy these wants, these will be catered to by a multitude of

firms all tailoring their output to the type of per capita buying power and to the size of the market that has been revealed.

Profit maximizing firms will choose the site that will minimise total transportation costs, locating the operation at any point along a line between the input site and market site. The identification of location for other firms will be driven by the profit they would generate out of the transaction and therefore the total transportation costs remained key, as they also determined the margin of profit generated on the total business transaction (Blair and Premus, 1987). It is not clear whether this notion will determine the nature of firms that will be attracted to those localities to the exclusion of other relatively unattractive localities. In the South African context, the rural-based municipalities are likely to be seen as unattractive and problems might be experienced in collaborations and partnerships with the private sector to pursue the development of such economies.

Locations that are extremely rural might not be an option for a number of economic development initiatives as the cost of production of a particular product linked to transportation might be quite high, either reducing profits or hiking prices. In this situation, companies will reduce their transport costs, focusing on the ideal weight for both the inputs and the actual output until the product reaches the market. Their interests in determining their location would be biased towards the transport contribution to cost which will affect the cost of production and ultimately impact on the profits realised for the business (Blair and Premus, 1987).

According to Blair and Premus (1987), location theorists consider locational weights to evaluate the influence exerted on the locational decisions of firms in terms of their need to have access to raw material sources and markets. The total number of inputs and outputs determines whether the location is closer to the inputs or the outputs and it has been observed that middle point locations are not necessarily ideal.

Multiple inputs also inform the location decision. The location of industries in local areas within the Province of KZN would obviously not be exempt from the propositions of location theories, as profit generation is the motivation for setting up a business. It is therefore clear that the autonomy that industries and companies have regarding the choice of location would inevitably affect the settlement patterns of cities and towns, large and small, and ultimately impact on the composition of industry in a particular local area. This explains why some municipalities have fewer industries than others.

It is also believed that LED strategies empower local societies and generate more local dialogue than in the past, when communities had little to say or limited control over economic activities in their territory, whereas they are now adopting a more proactive stance concerning their own future (Rogerson & Rogerson, 2010: 468).

The preparation and implementation of LED strategies helps to make local institutions more accountable and transparent, thereby contributing to the development of civil society with effective dialogue amongst all stakeholders in that particular locality. Rogerson & Rogerson (2010) claims that, whilst LED strategies seek to embed economic activity in a territory and make economic activity dependent on the specific economic conditions and comparative advantages of a location, they generate sustainable employment in enterprises more capable of withstanding changes in the global economic environment. The local, rooted nature of economic activities in a local territory with the involvement of local stakeholders would inevitably ensure that the said LED strategies contribute to creating decent work opportunities for local people (Rogerson, 2010).

Quality of life contributes directly to the success of economic development and local amenities may boost economic development prospects. On the other hand, the labour market theory supports the fact that workers may be equally happy living in an amenity-rich area and receiving lower wages or living in an amenity-poor area and receiving higher compensation. Workers are able to trade off higher wages for a more amenity-rich environment with more value attached to amenities. Quality of life is therefore also a determining locational factor and the provision of infrastructure for amenities can influence the location of a range of economic activities and thereby promote LED (Blair & Premus, 1987).

The role of government in the economy may also indirectly influence the location of economic activities. Firms that do a significant amount of work for government may choose to locate a facility in a state or district that is represented by a legislator who has particular influence on that company's business (Blair & Premus, 1987).

The other factors that determine location are the political climate, political stability, government stability, and a conducive political climate for good investment. Both the state and local governments have created numerous programmes and incentive packages in attempts to attract business establishments to their areas. These include infrastructure assistance, industrial revenue bonds and tax relief; these local programmes may provide incentives to create net new jobs (Blair & Premus, 1987).

This would be the case if the incentives made it possible for the recipient firms to operate profitably or to build a set of community resources that encourage the growth of existing businesses and the establishment of new businesses. Furthermore, local policymakers may find themselves in an inferior bargaining position when negotiating with business executives over the location of a facility as a result of information asymmetry, which refers to the tendency for business representatives to have more

information than local public officials. The other factor that may influence the bargaining process in favour of business is the tendency for political officials to use the attraction of a new employer to obtain political support (Blair & Premus, 1987).

Agglomeration of economies could be a deciding factor in the location of businesses, wherein firms locate in proximity to one another. Full appreciation of the forces of agglomeration creates a basis for the understanding of the development of cities and regions. The institutions in a locality evolve in a manner that allows firms to exploit the niches in a community and such institutions develop symbiotic relationships.

The concept of systematic competitiveness gained widespread recognition for the way it captured the complexity of factors that can energise a sustainable LED process. By altering its level of competitiveness, a local economy can improve its position in regional, national and global markets and ultimately its sectoral structure. Some authors contend that the concept of systematic competitiveness offers a frame of reference for LED practice in developing as well as industrialised countries (Rogerson and Rogerson, 2010: 469).

2.7. THE SOUTH AFRICAN LED EXPERIENCE: LEGISLATION AND POLICY

2.7.1. Policy Developments, 1994-2000

As one of the major interventions for development in South Africa, the evolution of LED found expression in the Constitution of the Republic of South Africa (1996) where the promotion of social and economic development of the community is identified as one of its key objectives (Act 108 of 1996: 84-85). The South African Constitution provided a legislative and policy context that positioned LED as obligatory for all South African local authorities; this was subsequently established in the

1998 White Paper on Local Government which launched the notion of "developmental local government" (DBSA, 2000; Republic of South Africa, 1996).

Simon (2005: 30) argues that the ineffectiveness and costs of regional development initiatives by the apartheid government in South Africa provided a good rationale for the importation of LED from the North, which was then institutionalized in South Africa post-1994. However, it displayed a very limited focus, limited adaptation to local imperatives and was too inflexible to suit diverse local conditions.

Nel and Rogerson (2005) claims that LED emerged as the most significant post-apartheid development intervention pursued by the local sphere of governance and widely supported by the national government. They characterize the South African experience of LED as being highly dramatic, taking into account the need to redress apartheid inequalities whilst at the same time addressing the challenges posed by globalization and neo-liberalism (Nel and Rogerson, 2005: 2-3).

The above-mentioned constitutional mandate was assigned to the local sphere of government and an Act of Parliament, the Municipal Systems Act, was also promulgated within which LED gained impetus. This Act aimed to:

> *"… provide the core principles, mechanisms and process that is necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities. Municipalities are also expected to be the frontline development agencies capable of integrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony with their local government environment* (Municipal Systems Act, 2000).

Each municipal council is therefore expected to develop a comprehensive, single, and strategic Integrated Development Plan (IDP) with LED amongst the development priorities in the plan for the council's elected term (Municipal Systems Act, 2000). In the same Act, several key LED functions and responsibilities were legislated, and Integrated Development Planning was made a compulsory activity for local governments. This led to South African local authorities being "the wardens of economic growth in their jurisdictions" (Rogerson, 2011). Implementing LED in South Africa has therefore been central to the local government administration since 1994 and is therefore defined as part of the broad Integrated Development Planning which all the local authorities are obliged to undertake (Nel and Rogerson, 2005: 41).

2.7.2. Policy Developments, 2000-2006

The aforementioned White Paper on Local Government (1998) is a policy framework that pronounces a "developmental local government", defined as, *"Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives"* (Discussion document DPLG, 2006: 16). The White Paper on Local Government therefore put forward an interventionist approach on the part of local government to the local economy (Procurement Dynamics, 2007: 8).

However, the White Paper is clear that local government is not directly responsible for creating jobs; rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities (Discussion document DPLG, 2006).

The national government of South Africa through the Department of Provincial and Local Government (DPLG) released national guidelines to

provide a framework for the alignment and implementation of LED in the country. These guidelines are primarily meant to build a shared understanding of the approach and practice of LED in South Africa, as well as to elevate the importance and centrality of effectively functioning local economies in growing the national economy (Discussion document DPLG, 2006).

According to the South African government, the vision of LED is the creation of robust and inclusive local economies that exploit local opportunities, address local needs and contribute to national development objectives such as economic growth and poverty eradication (DPLG, 2006: 11). These local economies will support the growth and development of local employment and assets, and will be highly adaptive and integrated into provincial, national, continental and global economic dynamics (McIntosh Xaba & Associates, 2005: 6). The objectives of LED in South Africa are in line with the economic development theme that has emerged throughout this research study. The LED approach in South Africa also places emphasis on the location and locality of the said economic development interventions, supporting the understanding that for LED to take place, local resources need to be built, organized and maximized to yield benefits for that specific locality / community.

2.7.3. Policy Developments, 2006-2012

The past decade in South Africa has witnessed increased LED activities across all parts of the country. Policy and implementation guidelines are being crafted by relevant sectors and stakeholders to guide the development of local economies. The DPLG has been central in the provision of policies that govern LED in South Africa and plays an oversight function in its implementation.

Although there is a national framework that provides guidelines on LED in South Africa, the fact that it was not adopted by Cabinet has created a

high degree of instability in the evolution of LED policy. According to the DPLG LED Policy Guidelines, national government is tasked beyond policy formulation with co-ordinating and facilitating the establishment of a national structure, the LED Forum, to oversee and encourage co-ordination of resources in a non-prescriptive way.

However, in order to understand LED in South Africa, it is important to note that it has not emerged from a vacuum but has been largely influenced by the international experience that has been modified to address local issues (Procurement Dynamics, 2006).

While South African local government is mandated to plan and implement LED according to the policy framework, most LED practitioners are still unable to translate this into practice. LED stakeholders remain unclear about the objectives, guidelines and their different roles, especially local government officials whose task it is to co-ordinate LED processes and initiatives at a local level whilst creating an enabling environment for LED (LED Newsletter, 2006).

Municipalities are mandated to establish LED units and to employ practitioners to drive and co-ordinate LED activities within the municipality. Funding has been allocated to implement LED programmes and projects although it varies between municipalities. Different funding models for LED have been developed, mainly by the national Department of Trade and Industry, National Treasury, and provincial Departments of Economic Development and Cooperative Governance in certain instances. Donor funds from the European Union (EU) sustained LED Programmes for a long time and promoted Public Private Partnerships. Private sector involvement in community investment projects emerged in partnership with government and the said communities. An LED curriculum was introduced in tertiary institutions targeting LED practitioners and researchers.

The South African legislation and policy on LED identifies all spheres of government as critical role-players in implementing LED, with clear roles and responsibilities. Whilst national government is tasked with policy formulation and oversight, provincial government is also assigned a planning and support role and local government is responsible for both planning co-ordination and implementation of LED programmes and projects (Draft LED Policy, 2004). Within the context of LED definition, LED requires the collaboration of all stakeholders, as well as a significant involvement on the part of the private sector and civil society. Provincial Growth and Development Strategies have also been crafted by provincial governments, including KZN, as key instruments to understand and guide the needs of the provincial economy and develop the necessary sectoral strategies and interventions for LED (McIntosh, Xaba and Associates, 2005: 13).

In KZN, the LED mandate at a provincial level resides with the Department of Economic Development, which is tasked with the identification and facilitation of good LED practices for implementation at a local level (McIntosh, Xaba & Associates, 2005: 14). Municipalities develop Local Economic Development Strategies informed by local needs, through community consultation processes and the actual participation of community members in LED platforms of engagement, and are crafted within the national and provincial policy contexts.

The first EU briefing document (2006), in investigating pro-poor LED in South Africa asserts that in order to promote LED, there is a need to pay more attention to micro-economic measures at both local and national levels. The EU understands LED as including all activities that local governments and other stakeholders engage in to enhance growth, incomes and livelihoods, specifically of poor people. This EU briefing document claims that LED in South Africa is characterized by a highly dualistic economy, with a world class formal economy that includes an

increasing number of multinational companies, alongside a high unemployment rate and many communities dependent on welfare grants.

Government's current economic policy, the New Growth Path (NGP), focuses on four main indicators: jobs, growth, equity, and environmental concerns. The NGP is mainly sector-focused, arguing that sectors which create the most employment should be prioritized (Republic of South Africa, 2009). These sectors are identified as:

1. Infrastructure;
2. Agriculture value chain;
3. Mining value chain;
4. Manufacturing sectors;
5. Tourism and high level services

A review of the NGP policy document suggests a bias towards equity and job creation, which are mainly redistributive functions, and considers growth seemingly as a 'by the way'. In implementing the strategy around the sectors noted above, the state has taken an interventionist approach, especially in agriculture and land reform, where the state has purchased farms (often at non-market rates) and handed them over to previously disadvantaged South Africans. This intervention assumes that the majority of the poor population would like to farm, and it effectively assumes that the 'new' farmers are sufficiently skilled to sustain productive use of the farms. This is far from the reality. The mining sector has also been hampered by debates around its nationalization, which threatens its priority status in the NGP. The NGP expects, *"…provinces and localities to adapt the broad drivers in the growth path to their circumstances"* (Republic of South Africa, 2009: 30).

It is of concern to note that the NGP does not mention LED throughout the 36 pages of the policy document, although it continually notes the importance of local self-sufficiency. It also introduces a new debate to

LED, namely the 'green economy'. This is explored briefly below. Therefore, LED in the NGP era can take the form of sectoral growth, or business development on the one hand, or equity and employment creation on the other hand. In other words, the NGP focus creates difficulties for a meaningful definition of LED.

While South Africa's National Development Plan (NDP) also fails to mention LED, it does capture some thematic issues which resonate with those of LED. The NDP outlines nine national challenges, with nine corresponding strategies to address these. Of importance to local government are public services and employment and spatial development. None of these issues, however, helps to define LED, although they play a critical role in reinforcing the understanding of what LED should do.

The 'green economy' discourse has been largely missing in LED debates, with attention on LED issues relating to pro-poor or pro-market biases. Previous national policies have not prioritised the 'green economy' theme as explicitly as the recent policies. The Development Bank of Southern Africa (DBSA) (2011: 5) notes that,

> *"… existing policy documents, such as the New Growth Path, the Industrial Policy Action Plan (IPAP) 2, the Green Paper on a Climate Change Response Strategy, the Long-Term Mitigation Strategy, the Integrated Resource Plan 2010, the Medium-Term Strategic Framework and its associated Outcomes, and the deliberations of the Green Economy Summit, provided useful departure points for programmes aligned with the strategic intent of current government policy".*

The DBSA identifies three main phases of greening South Africa's economy, namely: (i) identifying high level 'green' programmes; (ii) the development of concrete programmes for identified sectors; and establishing a 'green economy' mechanism (DBSA, 2011: 5). The role of

local government is implied in the identification of projects, and effective localization of the same. The 'green economy' tasks adopted at the Green Economy Summit, however, assigned major roles to local government. The Summit pointed to a range of green economic roles, as follows (DBSA, 2011: 10):

- Sustainable consumption and production;
- Green buildings and the built environment;
- Sustainable transport and infrastructure;
- Clean energy and energy efficiency;
- Green cities and towns;
- Resource conservation and management;
- Sustainable waste management practices;
- Agriculture, food production and forestry;
- Water management.

Global initiatives such as the Cooperation of Parties (COP) especially the 17th Round Table which was held in Durban, South Africa in 2011, expect governments to integrate green economic initiatives in policy processes. This means that LED as part of government policy would need to debate and adopt 'greening' even though it does not as yet have a definite meaning.

2.7.4. Policy Developments, 2012-2014

The National Government of South Africa, through the planning Commission released a National Development Plan (NDP) to chart a new path for the country in November 2011 to implement a vision to eliminate poverty, create jobs and reduce inequality by 2030. It is premised at fostering inclusive economic growth targeting all social classes of societies and all levels of citizens that generates full employment, equipping people with skills and fairly distributed means of production (National Development Plan, 2011). The National Development Plan has given

impetus to the development of Provincial Growth and Development Plans by various provinces and KZN was way ahead of this process at the inception of NDP. The strategic pillars of the NDP remain a focus and overarching strategy for government at all spheres.

This period is also characterised by the establishment of other new Municipal Development Agencies which are becoming a trend throughout the country to provide institutional capacity to drive economic development of the respective District Municipalities.

The Department of Trade and Industry Minister, Rob Davies in his foreword acknowledges the strides made by government in the implementation of the first Industrial Policy Action Plan over the past 5 years, acknowledging the significant progress made in strengthening the Industrial Policy and in the application of its sectoral and transversal areas (IPAP, 2014/15-2016/17).

The Minister further iterated that "*This year's IPAP is therefore about upping our game: pinpointing where we think policy improvements can be made; how we can achieve more concerted transversal action; how we can implement sector strategies based on a deeper understanding of sector and company dynamics with increased consistency and certainty*" (IPAP, 2014/15-2016/17).

The plan is largely focused on an integrated approach in implementing the Industrial Policy Interventions through the engagement of all the relevant stakeholders fostering the vision of inclusive growth and development, decent employment and equity and an economy build on the full potential of all citizens (IPAP, 2014/15-2016/17). The promotion of a more labour absorptive industrial path characterised by greater levels of participation by the historically disadvantaged citizens and marginalised regions in the

mainstream of industrial economy, gives a strong basis for the development of local economies.

2.8. SOUTH AFRICAN POLICY FRAMEWORK: EMERGING TRENDS LINKED TO THE OUTLINED THEMES

There is a wide variation in the definition and understanding of LED in South Africa; this is apparent in the significant unevenness in its development and operationalization. The degree to which LED varies from one institution to another is clearly demonstrated by the variations in staff capacity and resourcing. The demonstrable results of LED interventions on the ground are thus difficult to ascertain (EU-SA Partnership Programme, 2006).

This study acknowledges that LED is perceived differently by different stakeholders, including all spheres of government, especially municipalities, based on their broad perceptions of economic development. Municipalities that adopt a more "pro-poor" approach to LED, tend to focus on social development strategies whilst municipalities that focus on economic development are more concerned with job creation, skills development, sectoral development, attracting investment, and inner city and infrastructural development (EU-SA Partnership Programme, 2006: 3).

Nel and Rogerson (2005: 8) observes that in terms of the international context of LED research, the South African government has identified it as an intervention to address the country's most marginalized communities, namely pro-poor interventions. The local government sphere has therefore embarked on pro-poor income generating projects without necessarily involving the business community in LED Forums (Nel & Rogerson, 2005: 8,). Stemming from their experience of LED, they believe that, given this focus, it is unlikely that LED will make a difference in South Africa, and

hold a view that it should focus more on markets and the competitive business community (Nel & Rogerson, 2005).

A study conducted by the EU-SA Partnership Programme (2006) found that municipalities struggle to position themselves to assume their LED responsibilities irrespective of government policy shifts and the devolution of authority clearly assigning a development mandate. Specific programmes and projects initiated by government have greatly influenced the nature and direction of LED in the country, *viz*. urban renewal, corridor development, and the Expanded Public Works Programme, amongst others. The EU briefing document notes that:

- LED is not yet embedded in municipal practice and unevenly developed and operationalized across the South African urban system, depicted by different institutional mechanisms/models, resource allocation techniques and policy development.
- LED has been widely compartmentalized with a significant lack of coherence and insignificant allocation of budgets, although policies and pronouncements are very clear about strategies on LED.

Researchers in general claim that the challenges experienced by municipalities in implementing LED are exacerbated by the fact that there is lack of clarity with regard to the nature and focus of LED at national level and that the delivery of programmes and projects is fragmented and erratic (EU-SA Partnership Programme, 2006).

The different definitions and understandings of LED reflect the absence of national LED guidelines, and it should also be noted that municipalities have not been engaged in LED initiatives for a long period of time. There is currently no common view amongst government departments as to whether LED should be pro-poor or market-focused, resulting in a continued legacy of support for unsustainable, unskilled community

income-generating projects or the pursuit of economic growth focusing on the potential of each locality. It is also believed that LED lacks a conceptual and theoretical framework, drawing instead from disciplines such as regional economic planning and a range of development perspectives such as institutional participatory development (Report by Procurement Dynamics, 2007: 8).

Rogerson claims that, although poverty alleviation is a critical phenomenon in North America in cases of economic regeneration and area improvements, it is rare for anti-poverty measures to be the prime defining axis in LED planning (Rogerson, 2002: 2). Rogerson alludes to the fact that contrary to the developed world's notion, the magnitude of poverty in the developing world's cities forces poverty alleviation issues to the top of the LED policy agenda. He concludes that a pro-poor focus in LED planning is becoming popular in the urban areas of the developing world.

In regard to the international experience, LED interventions to promote the development of cities might incorporate a combination of market-led (pro-growth) and market-critical (pro-poor) approaches (Rogerson, 2002: 2). Rogerson claims that the market-led/pro-growth approach will enable local economies to adjust more successfully to macro-economic reforms and emphasize self-reliance, entrepreneurship, expansion of the market, competitiveness, the reduction of unemployment rates, and sustainable growth. In contrast, Rogerson (2002) argues that the market-critical approach of community development represents a bottom-up approach geared to achieving the goals of local self-reliance, empowerment, participation, local co-operation, and environmental sustainability.

A study conducted on the state of LED in 2002 revealed that municipal administrators were deeply uncertain as to what LED means, what they are supposed to do and how they are supposed to organize LED. In 1999,

the DPLG introduced the Local Economic Development Fund (LEDF) as part of the government's poverty alleviation strategy. This simply exacerbated the existing confusion on the meaning and activity of LED (Rogerson 2010: 482). The establishment of the fund was said to be a catalyst for the project-based approach to the practice of LED in municipalities, who were encouraged to apply for funding support. The LEDF was packaged with good intentions but resulted in a proliferation of small projects, most of which collapsed after the project funding came to an end. The LEDF failed to deliver long-term sustainable LED and its legacy was to foster a practice of LED that was more closely aligned to social welfare than building the competitive economic base of localities (Rogerson, 2010: 482).

2.9. CONCLUSION

The study acknowledges that for several years there has been a diversity of ideas on the meaning of LED; central to the debate is whether LED initiatives should adopt a competitive or welfarist approach. In understanding the South African development context, both approaches might be relevant, although a clear policy pronouncement to create the necessary balance remains critical. The outcomes of LED have been explicitly spelt out and that they remain relevant given the South African context, but the conception of how these are realized indicates considerable differences.

In a context of conflicting signals and lack of clarity and direction from the higher policy-making echelons, confusion persists amongst local authorities, especially the smaller ones, where it remains difficult to identify key priority focus areas in the promotion of LED. The continued confusion about the policy approach at the coal-face of planning has resulted in unremarkable and slow progress in LED implementation.

Implementers and promoters of LED need to understand that local authorities, as implementers who are closer to the ground, have to ultimately live with the outcomes of the LED initiatives that are implemented. Therefore the local imperatives should be the point of departure when engaging in any LED initiative. In order for LED to succeed there is a need to adopt a range of methodologies and perspectives, integrating socio-economic and cultural aspects of development in order to ensure sustainability.

There is a need to arrive at an acceptable series of definitions of what is meant by key terms such as LED, pro-poor LED, or pro-growth LED, and that, given the serious lack of agreement at both national and international levels, consensus is needed.

The critical capacity required is the ability across government to understand local economies better and to identify opportunities for growth. This includes a range of possibilities to improve downstream beneficiation, linkages between areas in terms of inputs and manufactured products, and possibilities to enhance local content in high value-added finished products. The level of understanding of LED issues by both the stakeholders in the sector and members of the various networking organizations in South African history is beyond what the literature projects. In terms of the definition of LED, a number of factors come into play, giving a context to the development of local economies in different areas.

Research conducted on LED projects in South Africa promotes the notion that LED in the country is still in its infancy stages. The failure of interventions thus far is attributed to the failure to define the meaning of LED in the South African context. The research argues for local imperatives to inform and define LED for specific localities in the context of prevailing policies and of legislation at all levels and spheres of government.

Whilst it is necessary to have a common understanding of LED, one should embrace the uniqueness of the South African communities and allow for space where the economic development needs identified by communities can be taken into account, rather than importing LED needs as perceived by scholars that are based on different contexts and paradigms.

Defining LED around the promotion of enterprises should not only focus on small businesses playing a major role in the local economy but should also target big businesses situated within the localities. Both the major and minor/small economic activities should contribute to the local economy before contributing to the national economy.

This research study further investigates these contestations on the meaning, approaches and practices of LED in the South African context, drawing on evidence from KZN province, with particular attention given to experiences in the UMhlathuze and Richmond Local Municipalities, with UMhlathuze being urban-based and Richmond being a rural-based municipality. The study has also examined the LED strategies for both municipalities and analysed what informs these strategies, the environment within which the municipalities operate in the context of LED and the factors that affect their implementation of the strategy.

This chapter has argued that it is important for local imperatives to be considered when engaging any LED definition and implementation. As already noted, the literature review has presented only one side of the story; hence this study undertook to supplement the literature with primary data. The next chapters will present the issues raised by the primary data.

CHAPTER THREE

RESEARCH METHODOLOGY

3. 1 INTRODUCTION

This chapter outlines the research methodology used in this study. It maps the theoretical context of the research and identifies the approach, research methods, research design, sampling methods and data collection methods. The analysis of data, ethical considerations and limitations of this research are also presented.

This study recognizes that research methods are more than simply a technical exercise; it recognises that research is concerned with understanding the world which is informed by our view of our world (Cohen, Manion and Morrison, 2003).

3.2 RESEARCH METHODOLOGY

The researcher used a qualitative method of study and adopted a phenomenological and interpretive approach to the research strategy. This strategy is appropriate because it describes the meaning of experiences of a phenomenon/concept for various individuals; it aims to understand people's perceptions, perspectives and understanding of a particular situation (De Vos, 2005). This is an interpretive, qualitative inquiry that is interested in how meaning is constructed and how people make sense of their lives and their worlds. Such an enquiry is always framed by discipline-based concepts, models or theories (Merriam, 2002).

The findings of a phenomenological study should be related to an existing theory and research strategy. The qualitative approach is used because

this type of inquiry follows a process of understanding a social or human problem in order to build a complex, holistic picture, using words and conducted in a natural setting (Clapper, 2004: 37). The rationale for choosing this research approach is that the qualitative researcher uses general questions which enable the collection of significant amounts of data from a small number of participants; this in turn enables the researcher to use descriptive and interpretive methods to present the findings that accurately reflect the situation under study (Leedy, 1997: 105). The qualitative approach has allowed the researcher to gain first-hand information, and to present a holistic view of Local Economic Development (LED), drawing specific observations on the understanding and meaning of LED as a concept.

The research methodology for this study is based on the pragmatic school of knowledge as the conceptualization of LED has arisen from situations, actions and to a large extent the consequences of its application and the environment in which it is implemented. A desktop review of existing literature on LED in the context of the research questions outlined earlier was conducted for triangulation purposes, to broaden the scope, and to improve accuracy. Triangulation facilitated the exploration of the definition of LED as a concept, and its interpretation and meaning from multiple viewpoints in order to provide a broader perspective of the meaning of LED. Triangulation also improves the accuracy of information during research (Neuman, 2011).

A qualitative research design was also deemed appropriate for this study due to its inductive approach which emphasizes developing insights and generalizations from the collected data (Neuman, 2011). Data were systematically collected and meanings, themes and general descriptions of experiences were analysed within a specific context (De Vos, 2005). The study attempts to validate existing opinions on the concept of LED by drawing on the views of the sampled population as key informants. The

population sample comprised a total of 10 experts in LED from the KZN Department of Economic Development, KZN Department of Cooperative Governance, KZN Provincial Commission, the DBSA, and the UMhlathuze and Richmond Municipalities. In keeping with ethical considerations, the names of the respondents are not revealed and they have been coded as Respondents 01 to 10. The individual interviews enabled the researcher to test and verify theories or explanations around the rationale behind different conceptions of LED (Creswell, 2003). According to Creswell (2003), a sequence procedure helps to validate generalized information from a bigger population through utilizing a smaller group, which in this case comprised individual interviews with 10 people.

3.3 RESEARCH DESIGN

This study seeks to explore different definitions and interpretations of LED as understood by key players in the LED space in a South African context, with a particular focus on its manifestation in KwaZulu-Natal (KZN). According to Durrheim (2006), a research design is a strategic framework for action that serves as a bridge between the research questions and the execution or implementation of the research. Durrheim (2006: 34) explains that research designs consist of plans that guide, *"the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose".*

Royse (2004: 24-25) states that the research design outlines the approach to be used to collect the data and describes the conditions under which the data were collected, how the subjects or respondents were selected, what instrument was used, and generally provides information about the *who, what, when, where, and how* in relation to the research project. Therefore, in order to understand the rationale, factors and relevant dynamics, an inquiry to probe the human experiences of certain individuals must be conducted. The unit of analysis was KZN, with a specific focus on

two municipalities – UMhlathuze and Richmond Municipalities – one being rural-based and the other urban-based.

3.4 STUDY POPULATION AND SAMPLING

3.4.1. Study Population

The population under study comprised targeted experts and policy makers in the field of LED at a provincial level, LED and IDP practitioners at a Local Government level with a background in development planning, policy making, strategy implementation, monitoring and evaluation and a broad understanding of LED and its evolution as a concept across all levels of debates. These experts also participate in and make input into current debates on LED through the institutional framework designed to create platforms for academic discourse. Furthermore, the study identified two Local Municipalities, UMhlathuze (Richards Bay) in the uThungulu District and Richmond, in the uMgungundlovu District, which are urban and rural-based. These municipalities are located in KZN, with UMhlathuze situated in the northern region along the coastline of KZN and Richmond in the western region of the province in a deep rural area.

Based on the qualitative approach applied to this research study, while the literature on LED was interrogated, including the LED strategies of both municipalities, this was also explored through individual interviews. The in-depth individual interviews allowed the researcher to establish the respondents' own views on the research problem and further explore the findings of the literature review.

The literature review revealed that there are numerous definitions of LED, which are informed by different contexts; furthermore, South African policies have also defined LED. The interviews explored whether a common understanding of the meaning of LED exists. The literature

review also revealed emerging themes in the similarities and differences in defining LED. The interviews with the sampled population therefore had to establish if the same trends emerge in the case of KZN.

The identified key experts were interviewed based on their roles and responsibilities regarding LED to establish if their understanding is in line with the dominant themes that emerged from the literature review in the light of the South African policy framework, new policy developments and the provincial LED context.

Municipalities were targeted as they are the implementing agents of LED; the evolution of LED policy development positioned them at the coal-face of implementation. The practical experience of the existing policy framework on LED and its application was explored through these in-depth interviews with LED and IDP practitioners. The rationale behind choosing both rural and urban-based municipalities was to explore the extent to which different contexts have a bearing on the nature of LED policies and strategies.

3.4.2. Sampling methodology

A sample is an element of the population that is considered for inclusion in a study (Arkara and Lane, 1983: 27). The researcher identified 10 participants for in-depth interviews. The identified participants are LED experts, particularly in the areas of strategic planning, implementation, research, monitoring and evaluation of LED policies, and strategies in KZN.

LED experts from provincial departments and the two municipalities under study were identified using sampling which identifies or selects units of analysis which are a sub-set of the population with properties that make them representative of the whole population (Creswell, 2003). De Vos *et al*. (1998: 193) also notes that the sample should be representative of the

population being studied and should have approximately the same characteristics of the population relevant to the research being undertaken.

The sampled individuals for this study represented the same or similar characteristics of the broader stakeholders as they are part of these stakeholders and more or less represent their views. Beyond being representative of the broader population, they were identified as a specific case for investigation to gain depth and insight into the research problem.

An assumption is made that the imperatives of the study will impact similarly when applied to any of the municipalities in the province, with both urban and rural contexts taken into consideration. In identifying the units of analysis, this methodology was chosen because it is less costly, less time-consuming and the most practicable method of data collection. Qualitative non-random and purposive sampling has been used to gather data from the eligible respondents. Purposive sampling enabled the researcher to use her judgment in identifying the defined population. Neuman (2011) observes that purposive sampling allows a researcher to identify unique cases that yield rich information. These unique cases were selected based on their level of involvement in debates on conceptual issues, platforms of engagement, and monitoring and evaluation of the research subject.

3.4.3. Sample

The sample population for the study included different categories of participants with different portfolios in the field of LED. The profiles of participants cut across some categories, with one participant appearing in all the categories (Table 4).

All the respondents have worked extensively with government, government agencies and in forums or platforms with the private sector

and members of the public and still do so in their current positions. They all have matric certificates; some have first degrees and most have post-graduate qualifications in the field of development.

It was assumed that they all understood the objectives and the rationale for the research and were eager to participate in the study to contribute to the knowledge base in the field of LED.

Table 4: Categories of identified experts for interviews

	Categories	Elements of the category	Number
1.	Development Planning	Town Planning, Provincial Planning & Municipal Planning, Economic Planning,	6
2.	Policy Making	Provincial and Municipal strategies and policies Oversight	5
3.	Implementation and Management	Provincial & Municipal strategies Municipal Technical Support	5

Source: Mqedlana, L (2011)

3.5 DATA COLLECTION

As already noted, the researcher targeted experts in LED from the KZN Department of Economic Development, KZN Department of Cooperative Governance, KZN Provincial Commission, the DBSA, and UMhlathuze and Richmond Municipalities (Table 5.)

Table 5: A profile of LED experts interviewed

	Key Informants	Profile
1.	R01	**Town Planner, Programme Manager,** DBSA Municipal Technical Support
2.	R02	**General Manager LED,** KZN Department of

		Economic Development
3.	R03	**Provincial Commissioner,** KZN Planning Commission
4.	R04	**Senior Manager,** Development Planning, KZN Department of Cooperative Governance
5.	R05	**LED Programme Specialist,** Provincial Dept. of Economic Development & Tourism**,**
6.	R06	**General Manager,** Economic Planning & Monitoring & Evaluation
7.	R07	**Development Planning Consultant,** DBSA
8.	R08	**LED Manager, UMhlathuze** Municipality
9.	R09	**IDP Manager, UMhlathuze** Municipality
10.	R10	**LED & IDP Manager,** Richmond Municipality

Source: Mqedlana, L (2011)

Individual interviews were conducted with the randomly selected individuals using a qualitative strategy for systematic data collection, taking advantage of data from these organizations as they are involved in LED.

A questionnaire (annexed) was used as an instrument to collect data during the interviews (De Vos, *et al*., 1998: 89; Clapper, 2004: 3). The questionnaire facilitated the acquisition of relevant and reliable data from respondents, through in-depth, face-to-face interviews conducted by the researcher. A structured, unstructured and semi-structured interview approach was used with open-ended questions and statements to which respondents were asked to respond (De Vos, *et al*., 1998: 90). A critical qualitative research methodology was applied with more flexibility, informed by the nature of the research problem.

The respondents were formally requested to grant the researcher an interview by sending letters via postal service and physically delivering

them where possible. The researcher ensured that the respondents gave their formal consent to be interviewed. This first contact with the respondents prior to the actual interview assisted in building rapport and gained interviewees' confidence in the investigation, the authenticity of the study and the envisaged findings. For the researcher to obtain a rich content base, it was important to prepare thoroughly for all the interviews, which were held on different dates and in different locations.

All the interviews were scheduled for one hour. Depending on the interviewees' pace of response and in-depth discussion on the research questions, some interviews took just over an hour, including the presentation of the relevant documentation. Further information was requested by the researcher and in some cases some information was made available.

The interviews were conducted at the respondents' place of work as determined by their availability. The rationale for this setting is that information is readily available and the environment is familiar to the respondent, stimulating their thinking around the subject of LED.

The setting of the interviews was conducive even though it was more difficult to maintain as the researcher was in the interviewee's territory. However, the researcher was able to ensure that the setting was conducive and free of obstructions prior to the interview. This is important in order to maintain a free flow of information. All the respondents were interviewed in their own offices.

The purpose of the research study was to investigate stakeholders' understanding of, and views about, LED in terms of how it has been conceptualized in the South African context. The interview guide and questionnaire were utilized to capture the main research questions in order to gain an in-depth understanding of the concept.

The data collection technique for this study included both thorough, in-depth individual interviews and document review. In-depth interviews and document analysis were conducted simultaneously. According to Leedy, *et al*. (2005), this technique requires an understanding of both written language and spoken language and allows respondents to freely and generously respond to questions without limitations. In this case, the researcher believed that it was in the best interests of the research, and that of potential readers, to glean the most relevant information in the shortest possible time, rather than to interview a large number of respondents that might not have an in-depth understanding of the subject at hand.

The data was manually captured through taking notes on site and were later transferred to an electronic version for easy analysis and interpretation. All the information gathered was based on the following research questions:

1. How is LED defined in a broader perspective?
2. How is LED generally understood in relevant academic literature by South African policy-makers?
3. How do the varied interpretations of LED affect the way policies are formulated and implemented?
4. What is the implication of these LED definitions for municipal LED policies in the local context?

The research protocol was therefore guided by these research questions, administered through a questionnaire. The questions in the questionnaire were clustered according to the research questions. The first set of questions focused on the definition of LED, the second set on knowledge and understanding of LED, the third set on the policy implications in relation to LED, and the fourth set focused on the application of LED. All the questions raised in the questionnaire were classified in individual

columns for the respondents and the responses were captured per respondent.

The researcher used many sources of data to confirm the findings emerging from the in-depth, face-to-face interviews. As the primary data collector, the researcher was also able to interpret non-verbal communication on the part of respondents.

3.6 DATA ANALYSIS AND INTERPRETATION

The data collected were captured according to categories to enable a thorough and precise analysis of all variables. It was structured in patterns to locate emerging views and issues and tallied with the research questions to enable the research problem to be resolved.

As illustrated on Table (6), data were reduced to categories to assist in sorting, re-sorting, organizing, re-organizing, labelling and relabeling to answer the research questions in a meaningful and sound way that provides a summary of the information (De Marrais and Lapan, 2004: 232).

Table 6: Themes and Categories of data

	Themes	Categories
1.	LED Definition and Conceptualization	Definition of LED
		Meaning and interpretation
2.	LED Policy Perspectives in the South African context	South African Policy Framework on LED
		Relationship between LED and IDP
		LED Policies and Strategies
3.	LED Economic Objectives	LED contribution to economic growth
		Effect of Local Government Development Agenda

4.	LED Planning and Implementation	LED Strategies &Programmes
		Complexities of LED implementation
		Challenges of LED implementation

Source: Mqedlana, L (2011)

The researcher identified principal themes and sub-themes within which the emerging data fitted. Leedy (2001) emphasizes that in qualitative research, the researcher's biases and values always influence the interpretation of data and it is for this reason that varying perspectives were sought in the in-depth individual interviews.

According to Neuman (2011), a researcher uses a specific strategy or a combination of strategies to analyse qualitative data based on their strengths and limitations. He further points out that data analysis is a search for emerging patterns in one's data. In this case, the patterns were linked to ideas, phrases and behaviours observed during the research.

The information captured was categorized and analysed according to the framework created by the research questions. The findings of the research process were matched and analysed in line with the findings of the literature review and subjected to the researcher's interpretation and conclusions. During the analysis process, the researcher critically listened to the voice of the literature and the voice of the findings in order to interpret and analyse the data without any bias.

Document analysis was conducted by the researcher in line with the research questions based on the emerging issues from the literature reviewed. These two sets of data were analysed and categorized to provide a logical flow and presentation of the emerging issues under study. De Marrais and Lapan (2004: 232) suggests that data should be reduced to categories to assist in sorting, resorting, organizing, re-

organizing, labelling and relabeling to answer the research questions in a meaningful and sound way that provides a summary of the information.

Data was also analysed in line with the theoretical framework, the context that has informed LED conception, and its application. The emerging differences and similarities in interpretations of LED were compared with data obtained from a rural-based municipality and an urban-based municipality to establish variations in the obtained responses. The study incorporated process analysis as an evaluation framework based on the design variations noted previously. The researcher identified eight sub-categories were identified to analyse the data:

- LED Definition;
- LED Perspective;
- Effect of LED on the Economy;
- LED Policies and Strategies;
- LED and Local Government developmental agenda;
- Complexities of LED implementation;
- LED strategies and programmes;
- Relationship between LED and IDP,
- Challenges of LED implementation; and Additional comments.

The qualitative data gathered from the interviews has also been classified in terms of the responses and summarized accordingly without distorting the views of individual respondents. The summary of the responses captured below is taken directly from the research data obtained from questionnaires, re-organized and classified on a spread sheet and summarized to provide a clear view of the opinions for ease of interpretation. Therefore, the questions reflected have been coded from Q001 to Q005 respectively, the first question in the cluster of quantitative data being Q001 and the last being Q005 (Table7).

Table 7: Quantitative data from in-depth interviews

Code	Research Questions	YES	NO
Q001	Impact of LED on the growth of the economy	100%	
Q002	Application of policy frameworks guiding implementation of LED in the context of daily operations	100%	
Q003	Impact of LED on development agenda of municipalities	90%	
Q004	Simplicity of LED implementation		100%
Q005	Availability of strategies on Local Economic Development	100%	

Source: Mqedlana, L (2011)

A practical illustration of the understanding of the concept helped to analyse data focusing on LED policies, strategies and implementation for both municipalities studied. The final data were captured and presented in a report format tabling the findings and the conclusions drawn from the findings.

3.7 VALIDITY AND RELIABILITY

Neuman (2011) interprets reliability as a means of dependability and consistency, suggesting that there is a possibility of re-occurrence under identical and similar conditions. Validity suggests truthfulness and authenticity, referring to how well the idea fits with actual reality (Neuman, 2011). The data collection techniques used and the steps followed throughout this research had to establish the reliability and validity of the data collected.

According to Neuman (2011), a researcher's claims of truth need to be plausible, meaning that the data and statements about it are not exclusive; they are not the only possible claims nor are they exact accounts of one truth in the world. This does not imply that they are mere inventions or are arbitrary; instead, they are powerful, persuasive descriptions that reveal the researchers' genuine experiences with empirical data. The researcher's empirical claims gain validity when supported by numerous pieces of diverse empirical data, as was applied in this research.

The validity and reliability of this study was established during and at the end of the research process to ensure that it had produced facts that could be utilized to base arguments on and to consider further interrogation. The qualitative approach to research and data analysis facilitated the production of reliable and valid data by the study.

The nature and the structure of the research questions, given the targeted sample, were structured accordingly to produce credible findings without disputing or replicating previous studies but raising factual issues. The entire study was governed by strict ethical considerations and the author of the study/report assumed the responsibilities of a researcher throughout the process. The fact that no other people collected data from the respondents other than the researcher indicates the level of authenticity that the study maintained, mindful and careful of the possibility of subjectivity in the same process.

3.7.1 Internal Validity

Internal validity entails the establishment of causal relationships in terms of the research findings and matching reality and means there are no errors in the design of the research project (Neuman, 2011). During this research study, a chain of evidence was established through the description of data analysis procedures and data from various sources. Triangulation strengthened the internal validity of this study as different sources of data were used. The diverse composition of key participants in the in-depth interviews allowed for diverse perspectives.

3.7.2 External Validity

External validity is the ability to generalize findings from a specific setting and small group to a range of settings and people and the possibility of replication (Neuman, 2011). In terms of qualitative research, it is not always easy to make generalizations from a specific research case;

however, in this study external validity could be established due to the nature of the research problem.

3.7.3 Reliability

A reliable research study should reflect dependability and trustworthiness wherein other researchers can reproduce the method of conducting a study or the study results. Due to the nature of this study and the units of analysis, its findings will be easily used to generate more debates around the subject of LED conceptualization and inform development specialists' thinking around the meanings of concepts.

3.8 CONCLUSION

This chapter outlined the entire research process undertaken for the study. The research approach is based on the nature of the study which seeks to establish the factors underlying the various definitions of LED and the different meanings attached to it. The fact that the researcher works in an LED environment provided more insight into the study and allowed for the envisaged outcomes to be realized. The setting for the study creates neither bias nor an opportunity to misconstrue the facts raised in the literature and by interview respondents. The validity and reliability of the data gathered in the study ascertains the level of authenticity of the data. The research methodology used in this study creates a framework to enable independent expression of the meaning of the phenomenon LED and enables the researcher to establish a trend in relation to how people's interpretations create their world of defining their contexts.

The next chapter will therefore present findings of data collected from the interviews and the reviewed literature to validate the opinions on the concept of LED.

CHAPTER FOUR

PRESENTATION OF RESULTS

4.1 INTRODUCTION

The study examines the different interpretations and contestations of meaning of Local Economic Development. It also examines the implications that these differing views have on the development of LED policies and strategies by different stakeholders. The previous chapter outlined the research methodology used for this research study to collect the required data in response to the research questions.

4.2. UNDERSTANDING THE NOTION OF LOCAL ECONOMIC DEVELOPMENT

While the views of each respondent remained independent, respondents shared the same/similar views on certain questions. Such views ceased to be associated with a specific respondent necessarily for the purpose of the study, but represented a holistic and general view of the identified respondents.

The summarized version of the quantitative results only captures those questions that signified substantive views on the issue raised per question.

4.3 THEMES AND CATEGORIES

The research questions investigated various elements on which the study is focused and responses required classification in order to facilitate the best analysis of results. Four themes emerged with distinct categories for each theme to capture the content of data from the views of all the participants in each interview. The themes that emerged based on the

research questions relate to the definition and conceptualization of LED, the LED policy perspective in the South African context, LED economic objectives, and lastly the LED implementation approach. The themes are further broken down into categories to reflect the composite views of the respondents on all the research questions. Therefore, the themes are presented as they emerged from the participants' responses, refer to (Table 6.), page 82.

4.3.1 LED: Conceptualization

4.3.1.1 Definition

LED is defined as a multi-disciplinary approach to economic development by five of the respondents. Four respondents identify LED as a project-based focused type of initiative, whose main focus is the development of business enterprises. Whilst almost all the respondents acknowledge LED as an economic development initiative, they also share a similar understanding of the outcomes of LED as a change in the socio-economic conditions of specific localities. Almost all the respondents acknowledge that LED success requires partnerships between the private sector, government and LED beneficiaries and define such partnership around the themes of partnership and collaboration.

The respondents defined LED, and the literature also defined LED, in terms of Economic Development Variables, underpinned by Local Economic Regeneration Theory, which examines market driven development (Rogerson, 2010: 469). In the same literature, Rogerson (2010) concurs that in developing countries like South Africa, LED is viewed as an appropriate intervention that local governments engage to improve their socio-economic conditions in response to economic crisis. Literature affirms that LED requires collaboration of key stakeholders, the public, private sector and government for its successful implementation. This is illustrated significantly in the definition of the concept by the World

Bank, UN Habitat, GTZ, and the ILO. Some respondents, however, view LED as a project type of initiative, although the literature has elevated the meaning of the concept to more of a development process than just a project by a range of authors, including Swinburn (2006), Hampwaye (2008), Bryant and Preston (1990) and Turvey (2006).

4.3.1.2 LED: Meaning and Interpretation

LED is defined as a multi-disciplinary approach to economic development by more than five of the respondents, while the remainder identify LED as a project-focused type of initiative, whose main focus is the development of enterprises. Whilst almost all the respondents acknowledge LED as an economic development initiative, they also share a similar understanding of the outcomes of LED that change the socio-economic conditions of the specific localities. Almost all the respondents acknowledge that LED success requires partnerships between the private sector, government and programme beneficiaries. One respondent defines LED as everything that a Municipality does to create a conducive environment for economic development to take place (R01).

One respondent suggests that LED falls within Economic Development; it is a comprehensive approach that interacts with all departments and divisions within the municipality. In municipalities it is more about poverty alleviation and overlooks other strengths. Communities are not dependent on government for their living (R02). In defining Local Economic Development, economic development had to be defined first and is defined as the contribution to the Gross National Product (GNP) or Gross Domestic Product (GDP). LED therefore can be defined as the extent to which that locality contributes to the GNP or GDP of the country. It implies a meaningful economic contribution that increases the GDP of the country although LED should not be confused with poverty alleviation (R03). The respondents also define it as a multi-disciplinary programme. It is also

explained as being the use of economic resources locally in a sustainable way where it improves the life of the society in relation to socio-economic conditions (R04).

One respondent described LED as an initiative that was intended to support local initiatives, conceived at a local level from citizens themselves. It is considered a progressive approach which is supposed to be income generating and move from a survivalist approach to small and then to a big business (R05). Another respondent defined it as a collective effort by all different parties in pursuit of uplifting the standard of living in that particular locality (R06), whilst respondent R07 described it as making a conducive environment for the development of the local economy.

4.3.2 LED from a South African Policy Perspective

All the respondents acknowledged that there is generally no consensus on what LED is in their respective contexts. They all have their own individual perceptions on what it is and what it should be. None of the respondents were clear as to what the source should be, or where South Africa's LED perspective is derived from. However, there is some level of recognition that LED cannot be confined to poverty alleviation, but should also focus on economic development and growth. The majority of the respondents acknowledged that there is confusion about what LED is, citing the fact that most municipalities utilize a welfarist approach as the core of LED. Half of the respondents acknowledged that LED approaches are not integrated; that each approach operates with a silo mentality, is compartmentalized, and comprises a mini economic development initiative.

However, all the respondents identify LED as an integral part of the government's policy framework and felt that it is best captured as a strategy and approach to implement other, overarching government policies and strategies. Most of the respondents located LED within the National Spatial Development Perspective and the Provincial Spatial

Economic Development Strategy, a policy framework that guides these strategies as the basis for the development of local economies.

The South African policy perspective also derives its context from the NSDP, which describes the spatial development vision of government to inform development planning at all levels of government and provides an overarching framework for LED planning with a coherent understanding of spatial realities (Rogerson, 2008: 314). This framework points out that LED activities relating to fixed investment should be located in areas already identified as having economic growth potential.

Respondents unanimously agreed that LED is not a stand-alone policy or strategy but has other overarching policies and strategies that impact on the principles it seeks to advance. They also agreed that LED is implemented in the context of other policy frameworks across the spheres of government. All the respondents agreed that they interact with these policies and strategies on a daily basis, irrespective of their own confusion or lack of clarity in their own environments.

Literature affirms the inter-connectedness of LED policy/ies with other policies and legislation. As a concept it is understood to have emerged as the most significant post-apartheid development intervention, and post-1994 was embraced by the local sphere of governance. The Constitution of the Republic of South Africa also makes provision for the promotion of socio-economic development of communities (DBSA, 2000; Republic of South Africa, 1996).

4.3.2.1 South African Policy Framework on LED

The National Framework for LED in South Africa aims to support the development of sustainable local economies through integrated government action. This government action is developmental and

stimulates the heart of the economy which comprises those enterprises that operate in local municipal spaces. The framework is underpinned by an appreciation of the evolving practice of LED internationally and is based on the unique South African context and challenges. It contextualizes the move towards “new institutionalism” that breaks down the distinction between economy and society, showing how economic decision-making and action is shaped by the shared values, norms, beliefs, meanings, and rules and procedures of the formal and informal institutions of society (National Framework for LED, 2006-2011).

Eight respondents indicated that there is confusion regarding the LED perspective, especially at municipal level, with most municipalities’ LED programmes adopting a welfarist approach. At least five respondents also indicated that the approach to LED is not integrated, operates in a silo mentality, is compartmentalized, and represents a mini economic development initiative.

One of the respondents highlighted that the LED policy interventions according to politicians and executive management in their municipality is anything that is not budgeted for and which pertains to community complaints or grievances. The respondent further indicated that this led to a proposal being made to the manager that they should recommend that the LED Unit name be changed to reflect the Leadership and Executive Management understanding. This was on the basis of a concern that there is disjuncture between the name and the contents of the programmes within the unit. The respondent suggested that it would be preferable to change the name to Business Support, Informal Markets & Tourism to assist in the pursuit of its original cause (R08).

Respondent R03 understood LED policy to be centered on the empowerment of local communities in order for them to sustain themselves, whereby they are empowered with skills and are linked with

industry to facilitate employment opportunities. They receive empowerment and capacitation, are provided with an opportunity to graduate from one level to the next and exit once they are ready to operate independently. The respondent suggested that LED is said to be more emphatic on the provision of institutional support for sustainability but with no insight on how to support people to stand on their own (R03).

On the same note, Turvey (2006) understands that there are themes that dominate LED which include 'bottom-up initiatives'; locally inspired efforts to promote entrepreneurship at the community level or in neighbourhoods within urban areas in terms of local agency in policy, research and development. In his research on economic development strategies, he alludes to a four-stage model of a bottom-up approach to economic development focused on local entrepreneurship, where endogenous factors provide the necessary conditions for growth and entrepreneurs and human capital are important factors for local development. The bottom-up approach seeks to broaden community involvement in LED that values local participation and popular input in relation to action, policies and institutions, thereby stressing the role of individuals and institutions in that locality (Turvey, 2006). This approach acknowledges the members of such communities as the source of their own development solutions and development processes that emanate from joint discussions with community members, and are not only based on case studies and boardroom decisions and planning on the part of officials.

Respondent R05 observed that in terms of policy, LED is expected to have a trickle-down effect that targets poor households. Due to the nature of the economy, there is a general thinking that poor people cannot stand on their own; they need government support in order to survive. The respondent also indicated that partnerships between people who know and those who do not know is the focus of LED programmes in order to transfer skills, and understand the market potential and opportunities.

Respondent R07 believes that what is done under LED is not really LED but poverty alleviation projects without any means of sustainability but are merely hand-outs.

4.3.2.2 LED: Policies and Strategies

All the respondents identify LED as an integral part of the South African government's policy framework and felt that it is best captured as a strategy and approach in the implementation of other overarching government policies and strategies. Most respondents identified the locational basis for LED as the spatial context set out in the Provincial Spatial Economic Development Perspective and Provincial Spatial Economic Development Strategy (PSEDS). The policy frameworks that guide these strategies, which are the basis for the development of local economies, include the Provincial Growth and Development Strategy (PGDS), the Integrated Development Plan (IDP), and the Spatial Development Framework (SDF) which are all aligned with the Provincial Framework (R01).

The respondents from both Municipalities reflected the Provincial Spatial Economic Development Strategy (PSEDS) as the basis and foundation for the formulation of LED Strategies. The IDPs of both municipalities equally provide the overarching framework for the development of LED Strategies which are an integral part and a Sector Plan of the IDP.

According to respondent R03, the content and objectives of the LED strategy focus on integrating the informal economy with the formal economy, facilitation of access to markets, and provision of platforms for engagement and development. LED development and investment programmes are generally partnerships that have been formed out of the

strategy with the private sector, including CSI programmes as conduits for private sector funding.

It is also believed that LED strategies empower local societies and generate more local dialogue than in the past, when communities had little to say and limited control over economic activities in their territory. They are now adopting a more proactive stance concerning their own future (Rogerson & Rogerson, 2010: 468).

Other respondents mentioned the existence of various policies and strategies that give context to the conceptualization and implementation of LED, including the National Framework on LED, Growth Employment and Redistribution (GEAR), the Corridor Development Programme, Reconstruction and Development Programme (RDP), SMME Strategies, Industry Strategies, the Industrial Policy Action Plan (IPAP), the Municipal Integrated Development Plans (IDP), Municipal LED Strategies, Expanded Public Works Programme (EPWP), the Spatial Development Framework (SDF), the National Spatial Development Plan, New Growth Path (NGP), Provincial Growth and Development Strategy (PGDS) and Municipal Infrastructure Strategies (R05, R06, R07, R08, R09).

4.3.2.3 Relationship between LED and the Municipal IDP

There is consensus that it is not simple to implement LED, but with all the correct tools in place, it remains possible**.** The respondents established a direct relationship between the IDP and LED. However, they define this relationship differently, as illustrated in the following responses.

One respondent indicates that at a local level it is subservient to the IDP. LED is just a sector plan within the IDP. It should be literally inside the IDP not as a chapter only and should talk to the entire institution. The strategy is not taken seriously and the strategy becomes a personal project. The

institution interacts with the strategy in terms of the person behind it, not as a strategic focus for economic development (R01).

Another respondent believes that IDP and LED should work together; the IDP strategy involves other stakeholders, and the rationale is for communities to survive, and there is a high degree of correlation. The respondent further notes that economic development is also a requirement for every community and for everyone to be competitive, they need to pursue economic development. Furthermore, there should be no LED and IDP strategies which are planned or managed separately and to maintain and seal this relationship they should be directly linked and should all be in one office and leadership (R02, R03).

One respondent agreed that LED is the heart of the IDP and that it should form part of everything in the IDP with key planning approaches. The skills base is inadequate and so the implementation of the programme is *ad hoc* with no optimal use of resources and little viability of municipal governments (R04).

According to other respondents, the IDP is supposed to give strategic direction for LED implementation and it should be a matrix in the IDP and part of the IDP process (R05, R06).

One respondent believes that the IDP should provide strategic direction for economic growth and that LED should ensure that economic growth is achieved based on the strategic direction mapped out in the IDP (R07).

The relationship analyses reveals disjuncture in logic between what the IDP Situational Analysis reveals and the chosen LED Strategic direction. Whilst there are key economic development strategies espoused in both IDP documents, the respondents agree that there remains no linkage necessarily with the IDP as a key performance plan of the Municipality.

4.3.3. LED Economic Objectives

4.3.3.1 LED contribution to economic growth

All the respondents acknowledge that LED is about how to promote economic growth, however marginal. Respondents feel that significant growth in the economy will mainly be achieved through enterprise development models, initiatives and the success of individual projects capitalizing on private sector partnerships. There are also noted gaps in impact where significant growth could have been realized had LED models been implemented correctly, and if reasonable support been given to emerging businesses as opposed to the elitist approach that dominated the programme. The limitations have been recorded under “no”, and recognized growth under “yes”.

Development does contribute to economic growth, irrespective of the challenges. Respondents also shared the view that LED does not necessarily contradict economic growth. Literature also affirms a similar position as the majority of respondents concurred that LED contributes to economic growth and job creation. Rogerson (2010) agrees that LED is viewed as a mechanism to create economic growth while some view it as economic development.

Both the rural and urban based municipalities identify LED as an economic growth strategy with its objectives focused on developing small, medium and micro enterprises. The focus of the strategies is premised on a perspective that economic growth driven by government institutions should focus on redressing the disparities between the formal and the informal economies.

4.3.3.2 Effect of LED on Developmental Local Government Agenda

There are differing views on whether LED has had an impact on the development agenda of municipalities. Whilst the majority of respondents agree that LED does influence the local government agenda, some do not share this view. One of the respondents differed from this view, arguing that LED does not impact on a municipality's development agenda, observing that the mandate of municipalities is bigger than LED, and that LED has never been implemented in the implicit sense. The same respondent pointed out that LED projects have mainly been implemented for reasons of compliance.

The impact of LED on the local government agenda is debatable even in the literature due to the failure to define LED best in order to respond to the primary objectives it was conceptualized for. Currently, there is no consensus on the meaning of LED and how it impacts the local government agenda, if indeed it does. Literature equally defines LED as a location based or targeted intervention strategy. In terms of the South African Policy on Local Economic Development, local government is identified as the implementing agent for LED and the key custodian of LED. A clear mandate is given to local government to implement LED through the South African Policy Framework on LED (EU-SA Partnership Programme, 2005).

The majority of respondents maintain that LED has had an impact; however, they use different variables to measure it and do not necessarily demonstrate or provide evidence of that impact. In cases where the respondents identify lack of or no impact, it is traced back to the confusion regarding the meaning and approach to LED, as reflected in some of the responses.

Some respondents believe that progress has been made by the municipality, as evidenced by feedback from the community and stakeholders. They come to the municipality and there are continued partnerships established for LED implementation (R03). One respondent believes there are case studies that have displayed significant impact on the growth of the economy, viz, ILembe, uMkhanyakude, and UMhlabuyalingana (Tourism) community innovation. There are also important variables that attract people to a specific area. LED is also implemented through different approaches with an emphasis on certain variables which vary between projects.

In some projects, it is proximity to the market and the fertility of the soil used for agricultural purposes. However, the models that are used for LED are not developmental in nature (R04).

The preparation and implementation of LED strategies helps make local institutions more accountable and transparent, thereby contributing to the development of civil society with effective dialogue amongst all stakeholders in that particular locality. Rogerson and Rogerson (2010) claims that, whilst LED strategies seek to embed economic activity in a territory and make economic activity dependent on the specific economic conditions and comparative advantages of a location, they generate sustainable employment in enterprises that is more capable of withstanding changes in the global economic environment. The local, rooted nature of economic activities in a local territory with the involvement of local stakeholders would inevitably ensure that the said LED strategies contribute to creating decent work opportunities for local people (Rogerson, 2010).

One respondent, who drives LED at a provincial level, believes that there is significant impact. The respondent observed that LED is now gradually moving up the agenda and will eventually be viewed as a concurrent function but at the same time, in some instances it is still viewed as an

unfunded mandate and funds allocated to municipalities are not adequate even for the most basic statutory requirements. It then does not get prioritized during budget allocation and is viewed as a discrete measure and not as a cross-cutting issue. LED has greatly improved in some municipalities even at a conceptual level and that is reflected even in the IDPs (R05).

The respondent whose function is provincial planning asserts that it is mainly in district municipalities and very few local municipalities where there is an acceptable level of LED understanding and application. The respondent maintains that there are noticeable good responsive programmes in an attempt to attract and retain investment to the local areas. More projects are infrastructural and have a significant impact on LED, and most municipalities are making an impact in this area. However, what has been neglected is the level of readiness technologically and in relation to capacity to deal with business. One still finds protracted processes when applying for development permits, for example, and there is a need to develop creative incentives to business that will push the government agenda, such as low tariffs (R06).

Respondent R08, argued that the location and marketing of the projects has significant impact and that the current approach to LED is to quickly produce the end product rather than to embed the necessary process wherein local suppliers would be identified and capacitated to take up opportunities (R08). According to the respondents from UMhlathuze, LED does contribute to the developmental local agenda in a very limited and mainly distorted manner wherein politicians use it as a campaigning tool to attract the electorates. This is achieved through a biased distribution of grants and business support focusing on very small insignificant income generating projects. In terms of Richmond Local Municipalities, LED has been the key driver for the reconstruction of the collapsed economy of the

largely rural municipality focused on building municipal capacity to provide services.

4.3.4. LED Planning and Implementation

4.3.4.1 LED Strategies and Programmes

Respondents are aware of strategies which guide the implementation of LED across the spheres of government including individual municipal strategies, with the sampled municipalities having their own strategies. Literature also affirms a similar position with respondents in that the different meanings attached to LED and its interpretation thereof creates confusion for all the key stakeholders, especially implementers. This confusion leads to a high level of complexity when LED has to be implemented.

The strategies of all the Municipalities investigated also reflect the level of complexity from the context to the list of projects that each municipality identifies. There is a disjuncture between UMhlathuze Local Municipality LED Strategy and the richness of the industry base within the Municipality. According to the strategy, there is no link created with those industry activities and the identified projects for LED. Similarly, there is no significant role or no role at all that seems to be played by the said industries in adopting the LED policies.

4.3.4.2 Complexities of LED implementation

All respondents agree that it is highly complex to implement LED, given its complicated nature, especially regarding conceptualization. Therefore, there is consensus that it is not simple to implement LED but with all the correct tools in place it remains possible. The implementation approach is linked to the policy context and the definition of LED and it is not easy to create such linkages if the concept has not been clarified. One

respondent believes that it is neither complex nor simple to implement LED; once one understands what should be done and properly plans the approach with budget allocations before initiating any programme it is straightforward (R04). Respondent R06 believes that the simplicity of LED implementation lies with the existence of the right people with the right skills and experience.

The experiences shared by the respondents of both municipalities reflect that it is highly complex to implement LED due to the confusion and lack of clarity and agreement on what should constitute LED. More than often, LED becomes everything and anything that the politicians feel it should. They identify the LED Units as flexible units that can easily divert their budgets and implement any adhoc project.

4.3.4.3 Challenges of LED Implementation

A number of challenges are highlighted by respondents, and common amongst them are poor planning, processes and systems. These are followed by lack of funding and poor expertise on the part of municipal officials and the absence of ongoing institutional support for LED projects. Respondents cited a number of challenges relating to poor planning, practitioners not knowing what to do and not getting stakeholders on board, and insufficient funding.

Others believe that communities have a ‘hand-out’ mentality, whilst the peri-urban communities have a dependency mind set without participation. Unlike in rural areas where people are used to doing things themselves, the peri-urban communities have an entitlement mentality (R03).

Financial resources have been cited as one of the challenges wherein there is funding but there is a need for further research to identify such funding opportunities. There is a need to understand economic

development first before local economic development is pursued. Incumbents driving Local Economic Development in communities lack ownership of the programme, and there is limited research undertaken into LED (R05).

One respondent believes that the LED model is implemented as a scheme to create personal wealth, using public funds and there is a lack or absence of institutional support that is continuous (R06).

According to respondent seven, the environment is not favourable for LED which encompasses inclusive growth and she believes that South Africa does not have an adequate consumer market and there are no latent business opportunities (R07).

The compliance issue remains a challenge with a series of legislations and policies at a Local Government level. Communities are not given an opportunity to identify their needs and therefore projects are conceptualized on the basis of municipal officials identifying and implementing projects based on their output or performance requirements. There are glaring inefficiencies in budget allocation and expertise in municipalities (R08).

Another respondent raises the lack of budget, poor LED understanding, lack of competent LED officials, poor planning systems and processes, and a lack of Monitoring & Evaluation systems as major challenges facing LED implementation (R09).

The lack of technical capacity, lack of commitment and limited priority given to LED, wherein most municipalities see LED as an unfunded mandate, poses significant challenges to the cause of LED (R10). The admission of political leadership meddling with LED implementation poses

a huge challenge for UMhlathuze Local Municipality whilst Richmond Municipality remains on the non-progressive redress mode.

4.3.5 CONCLUSION

The findings of this research reflected throughout this chapter reveals that the policy context within which LED is implemented remains undefined. This is evident in the numerous citations from various authors based on LED frameworks, guidelines, strategies, evaluation reports, studies and reports on specific localities and specific projects.

This chapter points out a glaring confusion on LED perspectives and different theories within which the concept is derived has been illustrated on the findings of this research.

Whilst the findings reflect LED definitions as a multi-disciplinary approach to economic development with its outcomes attributable to socio-economic changes of localities. There is equally a glaring acknowledgement of a lack of clarity on the definitive meaning of LED and that has impeded progress in its development and implementation which pose a fundamental challenge for the local sphere of governance.

LED is also reflected as a collaborative approach to economic development which emphasises partnerships with government, private sector and local communities. Its emphasis for development is also focused on the integration of both formal and informal economies.

The findings also reflect LED as an integral part of government's policy framework, the best strategy and approach to implement in context with other overarching government policies and strategies. In terms of implementation, this chapter reflects a strong admission that there are various policies and strategies that give rise to LED conceptualization and

implementation. Core to those strategies and policies are the Integrated Development Plans of Local Municipalities, wherein LED is identified as the heart and integral part of the IDP.

The research findings reflect that the lack of consensus or understanding of the meaning, with different interpretations of LED is reflected on the policy and strategy implementation. There is also recognition of dominant poor planning with lack of stakeholder collaboration desired to implement LED, which leads to poor LED implementation. A recognition of policy gaps in the South African context is also highlighted attributable to the fact that national government took a long time to release its LED requirements to the public domain even though the country's constitution and the local government legislative and policy frameworks were clear on local government being the agency responsible for implementing LED.

The following chapter will explore these differing views on LED in line with the reviewed literature and the interviews draw particular conclusions and suggest answers to the research problem.

CHAPTER FIVE

INTERPRETATION OF THE FINDINGS

5.1 INTRODUCTION

In this chapter the findings of the study are considered in the context of the research problem, the objectives of the study, the existing literature, theoretical framework and the opinions of key informants obtained from the interviews. This chapter captures the interpretation of all the forms of data used for this particular research study collected by various methods as outlined in the section on the research methodology. In the interpretation of the findings, the possibility of bias and the subjectivity of the researcher are acknowledged, based on a number of variables that could have influenced particular positions in relation to the contents of the study. However, through a vigorous data analysis process, this chapter will present the fundamental views on LED shared by different stakeholders.

This study acknowledges that LED has been conceptualized and interpreted differently as it evolved from an international perspective to regional and local perspectives; this has also been the case in South Africa. The different interpretations of the meaning of LED have led to a lack of consensus on a clear conceptual and theoretical framework to inform its implementation.

This chapter also illustrates the causal linkages and correlations purported by the hypothesis of this study which acknowledges that there is a positive relationship between a clearly defined and shared understanding of LED among the different stakeholders, and clear policies, strategies and implementation of LED programmes. The researcher will interrogate all the data, creating a direct link between the variables as stated above through

the literature that has been reviewed and the data collected by means of interviews and observations.

Rogerson (2001) notes that LED as a salient public policy issue in South Africa and the current policy status, strategies and practice of LED in the country evolved over a period of 15 years, since 1994.

The findings of this study provide an overview and discussion of current LED policies and strategies, and LED implementation which links to the institutional framework, planning and budgeting for LED programmes and projects. The main focus is key LED stakeholders in order to establish their approach and thinking in the definition and implementation of LED in their own contexts.

5.2. IMPLICATIONS OF THE DIFFERENT UNDERSTANDINGS OF LOCAL ECONOMIC DEVELOPMENT

Local Economic Development is defined differently by different stakeholders from an international context to the local context, which is South Africa in the case of this study. In terms of the origin of the LED concept within the international communities, it is indicated that LED came into being when governments in the developed countries resorted to centre-focused development approaches after the national policies failed to respond to local needs and circumstances. This move from a traditional local government approach introduced a new regime of development wherein local states functioned as entrepreneurs. In the international communities, local governments recognised that they had a potential role to play in enhancing the economic viability of their communities.

In the South African context, however, it is not all the local governments that acknowledge the importance of their role in the development of their local economy. Within the South African context there are differing views about whether local government is best suited to drive LED. This has led

to LED being described as an unfunded mandate within the Municipal Planning Framework. Therefore, the ownership of LED has not been taken seriously by local governments in the majority of municipalities.

The resources that are allocated to LED are very limited and have little or no impact in fulfilling the mandate. An observation has been made with both municipalities under study that LED is literally what each municipality thinks or decides it should be. Both municipalities have defined LED differently and the contents of their strategies reflect the disjuncture, including the lists of projects identified for a particular financial year. There is acknowledgement from both municipalities that LED should advance economic growth but the contexts remain different. This indicates that whether the South African Policy Framework exists or not, municipalities do not acknowledge the rationale behind LED from a National Policy Perspective.

The only time policy is acknowledged is in relation to its stipulations in terms of budget allocations and where the Systems Act acknowledges LED as a sector plan of the Integrated Development Plan (IDP).

LED policies and their implementation have been viewed more as a compliance issue than a development fundamental for local communities. This is illustrated by the nature of strategies that are packaged by municipalities and the process that is followed. In terms of the two studied municipalities, the situational analysis of the municipal area that should give context to its development agenda has the most outdated statistics in terms of the demographics and economic information. The content of the municipal strategies are a reflection that there is no thorough research undertaken by municipalities in putting together their strategies.

The different approaches to LED have posed a significant challenge to finding common ground amongst the stakeholders within a specific locality

and beyond. The absence of consensus on even the variables that define LED has also led to stakeholders approaching LED in different forms and extents. The literature review reflected that a number of variables impact on LED, based in the first instance on the theoretical framework that guides LED implementation. The two municipalities under review seem to have based their context of LED mainly on the provisions of the Provincial Spatial Economic Development Strategy (PSEDS), which identifies key nodal points/ areas for development. It is not clear whether the projects that are consequently identified align with the recommendations of the PSEDS.

There are a number of theories within which LED could or should be contextualised and there is no consensus on the most appropriate theory. The vocational theory of LED is best expressed in the Provincial Spatial Economic Development Strategy which aims to address historic spatial imbalances and curb urban sprawl and differentiated levels of infrastructure development. The prioritization of areas with reasonable or high economic potential and the consequent neglect of those that have low economic potential present a model for the implementation of LED; however, it would be most unwise to neglect such areas. The use of the PSEDS therefore as a context for LED implies that UMhlathuze and Richmond Municipalities identify the vocational theory as the theory that defines LED. This being the case, it also implies that areas like Richmond, which are significantly under-developed, cannot derive their context from the PSEDS framework.

It is therefore clear that there is no application of all the defining variables or a clinical process followed in defining Local Economic Development. It is taken as any other strategy that is developed by consultants as mandated by a manager whose performance agreement requires the development of an LED strategy.

In analysing the LED strategies, especially those adopted by the two municipalities, it is clear that there is no theoretical basis for the formulation of these strategies, except for the national, provincial and local government policy contexts. However, the interactions with practitioners reflect that LED should be, and is founded on, a development theory that understands the socio-economic conditions and profiles of communities, prioritizing economic development strategies without isolating the poverty alleviation focus of development.

The developmental nature of government and the legislative imperatives in the local sphere of government identify citizens as key partners in their own development, playing a significant role in the identification of their own needs. Ideally government is expected to take communities' needs into account in crafting policies and strategies; but as government remains better informed about the wider context, it has a responsibility to craft, implement and also monitor such policies.

In the case of LED, whilst the literature reveals that communities as stakeholders have little involvement in identifying LED interventions, the respondents in this study indicated that local communities are indeed at the centre of LED. The extent to which LED is populated by a list of projects instead of key strategic focus areas and programmatic interventions is due to the fact that government and municipalities are more obligated to deliver LED to communities than other economic growth sectors.

The manner in which communities are engaged during LED planning is a contested issue. The process that is also followed in identifying and deciding on LED projects might not reflect a legitimate public consultation approach but communities become the ultimate beneficiaries of projects. This is a classic example of the top-down LED approach, hopefully aimed at triggering local economic activity, yet the trickle-down effects are yet to

be realized and the application of this approach at municipal level is a challenge.

The conventional LED approaches reflected, *"corporate-dominated power relations, but in part also reflects the failure of some municipal officials to give more attention to sustainable development"* (Bond, 2002: 6). Patterson (2008: 7) considers that the draft LED policy framework emphasized, *"a more community-oriented approach to LED".* Overall, the proposed LED approach, *"explicitly aims to link profitable growth and redistributive development"* (Bond, 2002: 11).

The pro-poor focus of the South African context with its anchor of infrastructure provision in poor communities marked a significant departure from the international policy mainstream and challenged the directions of conventional LED programming. The framework advocates for an holistic and people-centred approach to LED. The focus on poverty alleviation left the question of economic growth and its role in employment growth and income generation unexplored; these are prerequisites for sustained improvement in the lives of the poor.

One of the questions investigated in the study was the relationship between the absence of consensus on the meaning of LED and the complexity of the concept, leading to yet another level of complexity in LED. All the respondents indicated that it is highly complex to implement LED in any context, whether urban or rural. The National Guidelines on Local Economic Development Agencies (2008) concur with this view and therefore concluded that there could be no single approach to LED. This level of complexity makes it difficult to be prescriptive on the types of services that agencies should provide.

5.3 IMPLICATIONS OF DIFFERENT INTERPRETATIONS OF LED FOR POLICY FORMULATION

The South African LED context was in the main informed by the apartheid legacies that the country had to deal with. The fact that the new South African government that assumed power in 1994 was a completely new and different government regime implied many structural changes, and that the new development theories, policies and strategies that would transform development in South Africa would have to be adopted by examining best practice elsewhere in the world. Apartheid inequities were not only reflected in the level of economic growth and participation of black people in the mainstream economy, but by lack of access to basic services and infrastructure to support the social cohesion of communities.

There are different views on the South Africa's perspective of LED, given that respondents have their own individual perceptions of what it is and what it should be. The literature also reveals the same, with different views on the perspective by different authors. It is also not clear what the source of South Africa's perspective of LED should be, despite the existence of LED policy frameworks. However, there is some level of recognition of the fact that LED cannot only be about poverty alleviation but should also focus on economic development.

In reference to both Local Municipalities, rural and urban, it has become very glairing that the absence of a clear definitive focus of LED leads to municipalities implementing LED in any form, nature and magnitude. The fact that LED Strategies are crafted merely to comply with legislated IDP processes, with content derived through desktop exercises by consultants without a proper process in engaging stakeholders, is an indication that such LED strategies are flawed.

The interpretation of LED as merely enterprise development targeting the very small enterprises and income generating projects implies that

municipalities will not be in a position to drive broader economic development policies through LED.

Much as Rogerson (2011) believes that 15 years of LED practice in South Africa had served to reinforce geographical inequalities in economic and social development across the country, the rationale behind that assertion might not necessarily reflect failure due to the varying interpretations of LED. The strategic thrust of development was to improve socio-economic conditions in the country, focusing on poverty alleviation, rural infrastructure development, institution building and the revival of small economies, targeting various economic development trajectories. The two municipalities under study reflect massive infrastructure backlogs since the advent of the new democracy including the current developmental local government which has incorporated LED within its strategic framework of development. With the pro-poor focus of LED according to the South African context, which emphasizes the development of infrastructure, it is clear that even if municipalities have adopted a pro-poor LED focus, there should be progressive improvement on the infrastructure backlogs. The challenges of under-development or the slow growth of the economy in these municipalities cannot be attributable to an imbalance of focus of LED only. If LED was taken seriously, there should be recorded improvements on the development of infrastructure for both the municipalities under review, notwithstanding the anticipated economic development that is aided by improved infrastructure.

5.4 IMPLICATIONS FOR THE ROLES AND RESPONSIBILITIES OF KEY STAKEHOLDERS

It is argued that there is considerable overlap and duplication of tasks that exist among key institutional stakeholders. Another shortcoming identified was the definition of local government as the leading LED driver at a time when international experience suggests that local government is more

effective as a facilitator or enabler than as a driver of LED (Nel and Rogerson, 2011).

However, the 2006 Framework provides the overarching context within which the roles and responsibilities of different LED stakeholders can be situated. In the DPLG's Policy Guidelines (2005), the role of national government is described as that of co-ordinator of public policies and of investment programmes (DPLG, 2005). Within the 2006 Framework, it is clarified that the function of national government, *"is to assist and create the conditions for local action to emerge and grow"* (DPLG 2006). This signals that the state should play the role of LED facilitator.

There are LED structures within national, provincial and local governments that are responsible for the implementation of LED. Arguably, through such interventions, the DPLG's role is to mobilize resources, local role-players and interest groups, *"for the sake of achieving economic growth and creating jobs to reduce poverty"* (Patterson, 2008: 16). Furthermore, the DPLG's five-year plan outlines three key priorities, *inter alia,* mainstreaming hands-on support to local government to improve municipal governance, performance and accountability; addressing the structure and governance arrangements of the state in order to better strengthen, support and monitor local government; and refining and strengthening the policy, regulatory and fiscal environment for local government and paying greater attention to enforcement measures (DPLG, 2006).

The 2005 LED Policy Guidelines set forth key roles and responsibilities for the provinces and local government. The role of provincial government is a co-ordinating one. They are expected to take responsibility for resources allocated from national to provincial government and ensure that these correlate with the priorities of the various IDPs. Provinces should establish LED fora to carry out the work of the National LED Forum and establish dedicated provincial LED units. Provinces have a role in building the

capacities of municipalities to undertake LED and in supporting them in its implementation.

In KZN, there is an LED unit within the Provincial Department of Economic Development with the mandate of supporting LED within local government. There is also an LED unit at COGTA; however there is no relationship between these two departments and no structured working relations. Strategic relations exist between the Department of Economic Development LED unit and the COGTA planning division based on the centrality of LED within IDP. While the departments do not work together to support municipalities on LED matters, *ad hoc* co-operation is based on officials' discretion. In terms of other departments, there is no focus whatsoever on LED interventions and programmes except for the two departments mentioned above.

The 2006 framework provides the clearest picture of the roles and responsibilities of local government in LED (Rogerson, 2008). Three core roles are identified, firstly, to provide leadership and direction in policy-making (reducing bureaucracy, improving the business environment); secondly, to administer policy, programmes and LED projects; and thirdly, to be the main initiator of economic development through public spending, regulatory powers and the promotion of industrial and small business development, social enterprises and co-operatives (DPLG, 2006).

The 2005 LED Policy Guidelines also provide a list of 16 key responsibilities for all municipalities in terms of LED. These responsibilities are very broad and somewhat onerous. Even if a municipality were able to adopt some of them, it would remain difficult to measure success and impact due to the enormous number of variables that would have to be measured. There is also no alignment with the current roles played by municipalities and the responsibilities attached to the LED Policy Guidelines.

In examining key stakeholders for the municipalities under study, UMhlathuze Local Municipality is largely dominated by huge industries with a significant contribution to the provincial, national and the local economy. However, the Local Economic Development strategy does not recognise the wealth of opportunities and value that the collaboration with industries can achieve. The LED programme in UMhlathuze has an opportunity to focus on the development of the existing industries whilst developing small industries. The urban nature of the municipality is not necessarily related to the nature of LED programmes that get implemented in the municipality.

Although UMhlathuze Local Municipality has a dominance of industries, there is no indication of their involvement and role in the LED of the municipality. The rural nature of Richmond Local Municipality also does not clearly project a rural focus of the LED strategy but also reveals confusion on the understanding and meaning of LED.

5.5. POLICY PLANNING AND IMPLEMENTATION AT LOCAL GOVERNMENT LEVEL

The recent establishment of development agencies at municipal level provides another dimension to municipal planning and implementation of LED. Development agencies have been created as alternative institutions to promote public–private-partnerships and to integrate development efforts in order to overcome duplication and co-ordination challenges (DPLG, 2006). The role of tertiary institutions in LED practice is not only supportive of the development of programmes and policies relative to rural areas, small towns and economic sectors, but also serves to create a skills base for practitioners who implement such programmes and policies and career options for students and young professionals (Xuza, 2007).

The national government also developed guidelines on the establishment of LED agencies at a municipal level to implement LED and municipal mandates (DPLG, 2008). These guidelines sought to provide a framework for all these agencies within municipalities. However, the framework remains unclear on the precise mandate of these agencies. Some of the study respondents expressed appreciation for these agencies where they are working. In the municipalities that are lagging behind, it was agreed that if the agencies could be properly structured, they would co-ordinate and implement LED differently.

The strategic thrust of the UMhlathuze LED strategy stems from the notion that government creates a conducive environment for businesses to thrive in order to create wealth, job opportunities and an improved standard of living for communities. LED is the process by which public, business and non-governmental partners work collectively to create better conditions for economic growth and employment generation with the aim of improving the quality of life for all. It involves working directly to improve the economic strength of a local area in order to ensure a better economic future and an improvement in the quality of life of the area's inhabitants. The focus of the Municipal LED strategy does not take cognisance of the role played by industries in the growth of the local economy. There are no partnerships established with private sector industries for the growth of their local economies and the advantage of their contribution and location is not leveraged nor seen as essential for Local Economic Development.

Institutional support for LED planning and implementation has, over the years, taken various forms. It has largely been presented by five broad entities: non-governmental organizations (NGOs) or community-based organizations (CBOs); LED Forums; municipal LED units; donor agencies; and, more recently, development agencies (Xuza, 2007).

Each of these entities arguably plays an integral role in LED practice, but the challenge lies in the co-operation and the co-ordination of their programmes. Lack of co-operation and co-ordination among institutional role-players has created an impression that the last entity to be established should be capable of doing what others have started and fill the gaps where they have come short (Xuza, 2007).

According to the respondents, the capacity in municipalities remains a challenge, attributable to a number of factors, amongst others a lack of expertise from low to high levels of management. The absence of capacity has no bearing on the location of the municipality, namely whether a municipality is rural or urban, since without capacity to implement LED, the chances of failure are the same. There has been a notion in the local government sphere that professionals with expertise are not attracted to rural-based municipalities and that this causes those municipalities to be weak in every respect.

In examining the strategies of the two municipalities under study, there is an acknowledgement that LED requires a specific set of skills and expertise; and confusion around the definition of LED makes it difficult to determine which skills set and expertise are relevant to the programme. Therefore, local government has an important role to play in ensuring that appropriate and responsive institutional arrangements are in place and that there is a technical champion or special purpose vehicle to drive the implementation of economic development projects in their areas. This clarity has to be sought at much higher levels of policy making rather than being left for local government only.

5.6 IMPLICATIONS FOR THOSE AT THE FOREFRONT OF LED

The other challenge is that LED training came about at the same time as the introduction of new municipal government systems. It was

overshadowed by training on local government processes, which was championed by the South African Local Government Association (SALGA) and its partners. The introduction of a local government Sector Education and Training Agency (SETA) to capacitate municipalities in various areas, including LED, is a good initiative towards creating an understanding of LED amongst practitioners. However, the execution of such training programmes needs to be revisited. The accreditation of yet another grouping of service providers in isolation from technical colleges and university programmes may result in a poorly arranged LED profession.

Current LED trends include short courses or training workshops on LED; developing LED programmes for municipalities; establishing institutional support for LED implementation, either through LED units or development agencies; mobilizing financial resources for community projects and support organizations; facilitating community projects to soften the impact of poverty; facilitating foreign investment to boost the local economy; establishing local service centres for small business support; disseminating lessons and conceptualizing findings through publications; influencing policy debates on small town regeneration; and linking academic practice and tertiary institutions with development entities.

In the observation session held with LED practitioners throughout KZN on the evaluation of the LED development programme and close-out session for the Gijima European Fund (2011), all the practitioners reported on individual projects that were implemented in accordance with the processes and approved applications to the Fund. However, the challenge remained as to whether LED would go beyond projects which are implemented based on competition for funding. Significant progress was recorded in the projects that received the necessary institutional support as per the terms of reference for the EU Funds.

However, there is no correlation between the success of a funded project and a non-funded project over time. At the beginning, the funded project performs better due to the institutional support and business linkages that are created during that phase. Most municipalities who received these funds performed better in terms of administrative compliance due to having been exposed to the process before.

This study emphasized the need for collaboration between all stakeholders in the restructuring of resource-based communities and the implementation of a wide array of actions and strategies to achieve resilience, for example, to stabilize municipal finances and plan for economic diversification. In LED practice, this implies the need to pay attention to the concerns of small, resource-based communities for building local capacity toward resilience (Turvey, 2006).

Funding sources for LED are not scarce and various national and international entities have committed funding that targets support for local development initiatives. The challenge is 'what is being funded' and 'how the funding is structured'. For example, some funding organizations or government departments fund projects directly and provide little or nothing to those organizations that drive the projects. In some cases, funding is in grant form which discourages profit-making through the project. Either way, the sustainability and viability of the project is compromised by the funding support it receives. However, without proper funding, it is almost impossible for municipalities to implement LED strategies even if they establish partnerships with key stakeholders.

In the context of Canada's small communities, LED practice has grown significantly to deal with pressing issues affecting the local economy and the community. Over the past few decades, there has been widespread support for LED to ameliorate problems, changes and challenges posed

by economic restructuring, global competition and rapid transformations in the world economy.

The policy and practice of LED are central to the development of many localities in Canada and elsewhere. In conceptual terms, LED is synonymous with bottom-up development and local initiatives for community planning and programme development. Canada's local authorities engaged in LED practice claim to have an economic development strategy (EDS) at the heart of their local development policy. As a substantial policy framework, EDS or LED strategies are meant to address contemporary economic issues in communities committed to stabilizing and sustaining their local economy. An assessment of previous case studies is needed to examine variations in how LED practitioners, local governments and development organizations adopt LED strategies (Turvey, 2006).

From the standpoint of small communities, an assessment to establish the positive, additive effects of EDS is relevant, yet still under investigation. Policy makers, local government politicians, planners and economic managers all need adequate information as to why they should adopt an EDS as a strategy for shaping local economic development in small communities. Insights from Canadian municipalities, in particular small communities, to explain the variations in the adoption of EDS *vis-à-vis* local public involvement deserve serious attention. Since studies on this subject remain undeveloped in local development and resource geography, Bryant (1987) has encouraged evaluative research which would include the development of 'novel' methodologies to measure a community's efforts to adopt local initiatives, such as the EDS.

5.7 CONCLUSION

In conclusion, South Africa has made considerable strides in LED design and implementation. However, while much has been touched on, little time has been taken to reflect on the knowledge created. Such reflection could assist in reaching a common understanding of economic development, its planning process and appropriate programme development, the tools and instruments required to implement it, and the expected results that have the potential to go beyond job creation to ensure effective community beneficiation.

The different interpretations and meanings of LED have indeed contributed to confusion on its implementation. This confusion may be attributed to the absence of defining theories for LED, the approach to LED implementation, and the definition of the various contexts of LED at a municipal level. The location of the municipality does not necessarily have a relationship with the nature of LED strategies, programmes and its implementation. It is clear that the understanding and interpretations of LED is a determinant factor for proper LED strategies and programmes.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

Chapter Six reviews the purpose of the research study and the research questions and provides an overview of the study and conclusions. It will also summarize the main findings of the research study and provide recommendations for practice, policy formation and the researcher's suggestions for further research.

Local Economic Development is a phenomenon that has preoccupied the legislative and policy environment. The debates around this phenomenon continue, probably even more than the impact of HIV and AIDS worldwide and in South Africa in particular. This statement is not made under the illusion that HIV and AIDS research and academic discourse has ceased, since it obviously continues on a significant scale.

The National government of South Africa should assume a greater leadership role in establishing clear LED guidelines as already initiated to assist often poorly capacitated local authorities to facilitate LED activities. The study confirms that there has been a level of failure to advocate LED policies that are unambiguous in the midst of broad economic policies in South Africa. The findings of the research reflect that a number of policies are in place and that some provinces have moved from the point of little or no tangible results for LED on the ground.

The 2006 South African National Policy Framework for LED outlines a list of guiding principles and key strategic objectives. The Framework does not dictate what should happen in different municipalities but instead, *"… focuses on what the state can do to support local leaders, communities,*

businesses, NGOs, organised labour and other stakeholders to realise their own and their collective objectives"

The key objectives of the Framework are stipulated in the main to provide a strategic approach to the development of local economies in realising their optimal potential, with focused improvement of their role as localities and regions in the functioning of local economies and in growing the national economy. The focus on the coordination of LED planning and implementation across all sectors, whilst elevating communities as active participants in the economy of the country, playing a significant role in the development of local economies and in the national fight against poverty should give impetus to a fundamental strategic approach to Local Economic Development.

Interestingly, an analysis of the Richmond and UMhlathuze Municipalities and their LED strategies found that these objectives indeed provide the context of LED. The individual interviews with key practitioners in LED policy, planning and oversight revealed the same context in that they defined these policies as strategic frameworks for LED.

However, it is very difficult to establish the linkages between the positions of these policy frameworks and their translation into key strategic intervention areas for the development of the local economy. It is therefore the view of the researcher that there are no substantive facts on the implied confusion around the policy propositions of the said government policies and strategies and their translation into tangible key programmes and activities. The context provided by the policy framework is acknowledged as a guideline but poorly contextualised and translated into key programmatic interventions and that is what requires attention. The policy makers in the South African government should define the concept of LED to be applied as a policy in the government framework. The definition should be informed by the South African context and acknowledge the functionality of the variables to create uniformity.

The policy framework on LED may well have flaws that need to be addressed; however, there are equally flaws in the capacity of technocrats or policy experts and leadership to package responses to the framework by way of crafting strategies. In a country such as South Africa where historically, development policies were designed along the lines of spatially based separate development, post-apartheid geography has a responsibility to contribute towards spatial integration, this time along economic realities. Therefore, the lack of capacity and the availability of resources for municipalities should not be under-rated. The magnitude of their mandate beyond LED is also a challenge, coupled with the political atmosphere under which municipalities are expected to function. LED remains a hub for economic development and a strategy to develop local economies and requires consensus on the part of all stakeholders to resolve the current confusion. A focused development of LED practitioners should be adopted as a standard practise in all government institutions. The Provincial Government of KwaZulu Natal in partnership with University of KwaZulu Natal have institutionalised LED as a profession. Similarly with other tertiary institutions but not all LED practitioners are enrolled in these programmes. The training practitioners only without educating the leadership and vision drivers of government institutions will still create gaps in the conceptualisation, policy and strategy development of LED.

The allocation of resources for LED implementation requires focused collaboration with industry players and relevant stakeholders in each locality. The lack of appropriate processes and approaches to engage key stakeholders including the local communities in LED planning and implementation renders LED initiatives insignificant. This is magnified in both experiences with UMhlathuze and Richmond Local Municipalities in their LED implementation. However, collaboration and strong partnerships

with all stakeholders remains central, rendering each defining theme dependent on the other.

The multiplicity of theoretical perspectives and frameworks that underpin LED results in confusion amongst practitioners, as does the fact that they are based on economic and regional economic development theories which in themselves have no definitive, all-encompassing theory. There is also an array of theories that relate to the impact of LED but none explicitly provides a framework for understanding the complex relationships that comprise this inter-disciplinary field of endeavour. The consequence of this lack or absence of a comprehensive theory for understanding the practice of LED is that there are only partial linkages between theory and practice in the emerging discipline of LED. Therefore, the theoretical perspectives and frameworks that guide and inform LED should be clarified and relevant ones applied during conceptualisation, planning and implementation, based on the different contexts presented by localities. Research should investigate the relevant theories to be applied along with the agreed definition of LED.

With regard to LED planning and implementation, no single approach can claim to address all the issues. In the South African, and indeed global, context, the debates on LED are largely led by geographers namely; Etienne Nel, Chris Rogerson, Udesh Pillay, Diane Abrahams, David Simon, Tony Binns, Anthony Lemon, Trevor Hill, Sue Parnell and others. Whether geographers, economists, development practitioners should be playing an active role in LED is immaterial.

However, the key area that defines geographers' interest in LED is the emphasis on 'space' denoted in this case by 'local'. Geographers strongly believe that 'space matters' and that appreciating 'space' (local, regional or national) or 'locality' presents a number of elements that seek to define the uniqueness and the comparativeness of development in the area. The

themes that emerged in the definition of LED included the fact that it is defined as a process and not a project, based on a certain locality or geographic space, and is an economic development and job creation intervention through collaboration or partnerships amongst stakeholders.

Having studied two municipalities, rural and urban, the assumption a researcher made at the beginning was that you are likely to find LED strategies of urban municipalities better packaged and focused more on economic growth and that of rural municipality focused on the pro poor LED interventions. The research revealed that there is no difference; the location of the municipality does not automatically translate to a particular focus of LED. The two studies municipalities are both lost in the confusion of the meaning of LED and its interpretation and practical application in terms of policy and strategy implementation. The fact that UMhlathuze LED does not recognise the competitive advantage it has with mere location of big global industries in the City of Richardsbay, clearly indicates the amount of confusion this phenomenon is subjected to.

Therefore, there should be a common definition of LED, with an acknowledgment of different contexts that may inform it. Consensus could then still be reached on the principles, the defining variables and characteristics. The literature has presented differences and similarities in the definition of LED, with different emphasis from one author to the next. The nature of LED to be pursued in a local area will largely be informed by that location's particular emphasis. The magnitude and overarching objective of LED differs from one context to the other; therefore it should be appreciated that the defining contexts of LED will always vary from one locality to the next and that no singular context will inform LED.

The other factors that determine the location are the political climate, political stability, government stability, and a conducive political climate for good investment. National and local governments have developed a range

of programmes and incentive packages in an attempt to attract business investment to their areas. Thus, the characteristics of the national as well as local space economies become very important as enablers or disablers of economic growth as well as social and economic inclusion.

Inorder to focus the strategic thrust of LED, it is important to package LED interventions as economic growth drivers, focusing in the main on industry development, job creation, human resource and skills development, capacity building and enterprise development. Although poverty alleviation is a critical phenomenon in South Africa, in the context of fostering economic growth, it is rather incongruent for anti-poverty measures to be the prime defining axis in LED planning. It is a fact that, contrary to the developed world's notion, the magnitude of poverty in the developing world forces poverty alleviation matters to the highest level in the developmental policy agenda. However, a balanced approach to LED implementation should target localised interventions to enable significant economic growth of that locality in order to grow and to achieve sustainable livelihoods, primarily through household income earned from the job creation drivers in different industries, projects and local business ventures.

Industrialization cannot be ruled out in the creation of a conducive environment for the development of these local economies. Industrialization may even be the key which unlocks the door to the development and resuscitation of local economies that were largely dependent on industries as well as those that will experience it for the first time. People who have numerous choices regarding what to spend their money on will find it hard to stay in areas where there is very little development, especially in terms of infrastructure.

The absence of economic activities in most localities and the continuous denial of access to opportunity is a key contributor to this phenomenon. Such marginalization not only ensures that the asset base of the poor is

weak, which is why growth does not 'trickle-down', but that base continues to be eroded through high transportation costs in particular. The Small Town Regeneration Programme in KZN is intended to revive defunct small towns through the improvement of infrastructure and through the establishment of small industries. Therefore the revitalisation of defunct and establishment of new industries in these localities is the main source of economic growth and the key strategic focus of Local Economic Development.

Having acknowledged the need for the development of local economies within LED, there is less emphasis on the building of sustainable livelihoods. LED only identifies human development as key in order to capacitate LED institutions with reasonable expertise. The benefits and meaningful contribution of LED to the development of local people are not emphasized as strongly as the need to develop industries. Developing people is thus seen as a by-product of LED. The role of civil society and communities is understood in terms of the principle that they are partners; whether or not they can engage on the same level as their counterparts at any discussion table is questionable. Communities are identified as key partners to foster their own development, although they may not even be aware of such responsibility. LED policies and strategies should therefore also focus on the socio-economic conditions in order for people to benefit from economic emancipation and change their lives.

6.2 SUGGESTIONS FOR FURTHER RESEARCH

There is such a misnomer that should be addressed by the economic policies and strategies, as to what extent should resources be utilised in conceptualizing, reconceptualising, or challenging an array of purported meanings and implications beyond growing the economy in every space and corner of the country where there are citizens requiring developmental interventions, the question remains answered. The fact that the same

challenges remain after more than 15 years of LED implementation, calls into question the level of research and the amount of resources that have gone into the conceptualization of LED. However the academic discourse cannot be under estimated.Therefore, the following specific areas of focus could usefully be considered for further research to be undertaken, although this is not an exhaustive list;

1. Local Economic Development as a phenomenon requires consensus on the defining principles for the South African context in order to create a common understanding of the approach and proper allocation of resources by custodians for community development. Therefore, further research should be conducted on those defining principles for the South African context.
2. The underlying differences of opinion by all key role-players within the Local Economic Development space, mainly organs of state suggest that, there is knowledge gap amongst these key players. A research on the fundamentals of Local Economic Development across the three spheres of government is crucial to level this gap and to create seamless synergies during strategy formulation and implementation.
3. Further research for the review and interrogation of the National Policy Framework on Local Economic Development is crucial to provide a new incremental context of Local Economic Development in acknowledgement of developments accrued and policy shifts within the twenty years of democracy.

REFERENCES

Abrahams, D. (2003). Local Economic Development in South Africa: A Usefull Tool for Sustainable Development. Urban Forum, Vol. 14, N0. 2-3.

Bingham, R. D. and Mier, R. (1993). Theories of Local Economic Development: Perspectives From Across the Disciplines. United States: Sage Publications.

Blair, J. P. and Premus, R. (1993). "Location Theory" in Bingham, R., and Mier, R. (eds): Theories of Local Economic Development: Perspectives From Across the Disciplines, Chapter 1. United States: Sage Publications Inc.

Blair, J. P and Premus, R. (1987). "Major Factors in Industrial Location: A Review" in Economic Development Quarterly, Vol. 1, No. 1.

Blakely, E.J. and Bradshaw T.K. (2002). Planning Local Economic Development: Perspectives From Across the Disciplines., United States: Sage Publications.

Bless, C. and Kathuria, R. (1993). Fundamentals of Social Statistics: An African Perspective. Cape Town: Juta & Co.

Bond, P. (2002). Debates in Local Economic Development Policy and Practise: Reversing Uneven Development and Reactivating Municipal services for a "Post Washington" Economic Epoch, Municipal Services Project, Research Series Occasional Paper, Johannesburg, university of Witwatersrand.

Bryant, C. R. (1987). "Strategic Economic Planning and Economic Development" in Economic Development Bulletin, No. 2, Waterloo Economic Development Program, University of Waterloo, Waterloo.

Bryant, C. R. and Preston, R. E. (1990). "Economic Development in Small Town and Rural Environments" in Economic Development Bulletin, Number 10, Waterloo Economic Development Program, University of Waterloo, Waterloo.

Clapper, V.A. (2004). Research Methods in Local Government: Study Guide, Pretoria: Tshwane University of Technology.

Cohen, L. (2003). Research Methods in Education, London: RoutledgeFalmer.

Creswell, J.W. (2003). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. 2nd edition, United States: Sage Publications.

Constitution of the Republic of South Africa, Act No. 108 of 1996.

Cox, K. R. and Mair, A. (1988). "Locality and Community in the Politics of Local Economic Development" in Annals of the Association of American Geographers, Vol. 78, No. 2, June.

Cunningham, S. and Meyer-Stamer, J. (2005). Planning or Doing Local Economic Development? The Problems with the Orthodox Approach to LED, retrieved from http://www.mesopartner.de/uploads/media/Cunningham_Meyer-Stamer_LED.pdf, August.

Dane, F.C. (1990). Research Methods, California: Arcata Graphics.

Davis, J. R. (2004). Evaluating & Disseminating Experiences in Local Economic Development: Observations on Integrated Development Programmes of the Free State, Republic of South Africa (Working Paper), retrieved from http://www.dfid.gov.uk/r4d/PDF/Outputs/EcoDev/freestate.pdf

De Marrais, K. and Lapan, S. (2004). Foundations for research Methods of Inquiry in Education and Social Science, New Jersey: Lawrence Erlbaum Associates Inc.

De Vos, A.S. (ed.), Strydom, H., Fouché, C.B., Poggenpoel, M. Schurink, W. and Schurink, E. (2005). Research at Grass Roots: for Social Sciences and Human Services Professionals. (1st Ed.). Pretoria: J.L. van Schaik Publishers.

De Vos, A.S. (ed.), Strydom, H., Fouché, C.B., Poggenpoel, M. Schurink, W. and Schurink, E. (1998). Research at Grass Roots, A Primer for the Caring Professions. (1st Ed.). Pretoria: J.L. van Schaik Publishers.

Department of Local Government and Traditional Affairs. (2009). KZNLGTA Municipal Strategy: Contextual Analysis Report, Urban-Econ: Development Economists, February.

Department of Provincial and Local Government. (2006). Stimulating and Developing Sustainable Local Economies: National Framework for Local Economic Development (LED) in South Africa, retrieved from http://www.capetown.gov.za/en/ehd/Documents/EHD_-_led_framework_251200815395_.pdf, March.

Department of Provincial and Local Government (2008). Local Economic Development Agencies as Municipal Entities Draft, Industrial Development Corporation, September.

Durrheim, K. (2006). Research in Practice: Applied Methods for the Social Sciences, Cape Town: University of Cape Town Press.

Department of Economic Development and Tourism. (2012). Districts Comparative Advantages Report, Economic Planning, August.

Department of Trade and Industry. (2014), Industrial Policy Action Plan, IPAP 2014/15-2016-17.

Fosler, R.S. (1991). Local Economic Development Strategies: For A Changing Economy, International City Management Association, Washington D.C.

Green, G. P. (1990). "Local Self-Development Strategy: National Survey Results" in Journal of the Community Development Quarterly, Vol. 22.

Hampwaye, G. (2008). "Local Economic Development in the City of Lusaka Zambia" in Urban Forum, Vol. 19, No. 2.

Harrison, P. (2008). Planning and transformation: Learning from the post-Apartheid experience, Abington, CT: Routledge.

Hindson, D. and Hindson, V. (2005). Whither LED in South Africa? A commentary on the Policy Guidelines for Implementing Local Economic Development in South Africa, http://www.selda.org.za/docs/LED_newletter.doc, March.

Hirschman, A. O. (1958). The Strategy of Economic Development, New Haven CT: Yale University Press.

Kim, J. Y. and Zhang, L. (2008). "Formation of foreign Direct Investment Clustering- A New Path to Local Economic Development? The Case of Qingdao" in Regional Studies, Vol. 42, No. 2, March.

Korching, P., and Allen, J. C. (2004). "Locality-Based Entrepreneurship: A Strategy for Community Economic Vitality" in Community Development Journal, Vol. 39, No. 4.

LED Dissemination Project: EU-SA Partnership Programme (2006). A framework for Monitoring and Evaluating Local Economic Development, Briefing Number 2, May.

LED Dissemination Project: EU-SA Partnership Programme. (2006). Investigating pro-poor Local Economic Development in South Africa, Briefing Number 1, http://www.khanyaaicdd.org/publications/led%20policy%201%20ebook.pdf/, April.

LED Dissemination Project: EU-SA Partnership Programme (2006). Findings On Urban And Rural Pro-Poor LED In South Africa, Briefing Number 4, August.

Leedy, P.D. (2001). Practical Research: Planning and Design, New Jersey: Prentice Merill.

Leedy, P.D. (1997). Practical Research: Planning and Design, New Jersey: Prentice Hall.

Local Government: Municipal Systems Act. (2000). Government Gazette 26019, Republic of South Africa, retrieved from http://www.mthonjaneni.org.za/Municipal%20Systems%20act.pdf

Malefane, S. R. (2009). "Structuring South African Municipalities for Effective Local Economic Development (LED) Implementation" in Journal of Public Administration, Vol. 44.

McIntosh, Xaba and Associates (2005). A framework to guide good LED practice in KZN and proposals on the provision of LED support by KZN Department of Economic Development, Department of Economic Development, retrieved from http://www.kznded.gov.za/Portals/0/docs/LED/2005.07.13%20Guidelines%20for%20LED%20Policy%20Report%20v13%20%20incl.%20Prefa.pdf, June.

Myrdal, G. (1957). Economic Theory and Under-Developed Regions, London: Methuen.

National Planning Commission, (2011). National Development Plan, Vision 2030.

Nel, L. R., Hill, T.R.; Goodenough, C.(2007). "Multi-Stakeholder Driven Local Economic Development: Reflections on the Experience of Richards Bay and the UMhlathuze Municipality" in Urban Forum, Vol. 18, No. 2.

Nel, E. and Rogerson, C. M. (2007). "Evolving Economic Development Policy and Practice in South Africa with Special reference to Smaller Urban Centres" in Urban Forum, Vol. 18.

Nel, E. and Rogerson, C.M. (2005). Local Economic Development in the Developing World, New Brunswick, NJ: Transaction Publishers.

Nel, E. and Rogerson, C.M. (2004). Phase 1: Research On Framework Conditions For Local Economic Development And Case Studies Of Selected Local Economies In South Africa As Well As International Models And State Of The Art Practices Regarding Local Economic Development, Report commissioned by the DBSA, DPLG, Pretoria.

Neuman William, L. (2011) Social Research Methods: Qualitative and Quantitative Approaches, London Pearson

Raco, M. (2009). “A Growth Agenda without Growth: English Spatial Policy, Sustainable Communities, and the Death of the Neo-Liberal Project” in GeoJournal, Vol. 10, November.

Regenesys (2004). Postgraduate Diploma Financial Management (Study Guide: unpublished), Johannesburg.

Richmond Local Municipality. (2012). Richmond Local Municipality Integrated Development Plan.

Richmond Local Municipality. (2007). Richmond Local Municipality Local Economic Development Stretegic Plan.

Rogerson, C.M. (1999). “Local Economic Development and Urban Poverty Alleviation: The Experience of Post-Apartheid South Africa” in Habitat International, Vol. 23, Issue 4.

Rogerson, C.M. (2002). Pro-poor interventions for Local Economic Development: The Case for Sectoral Targeting, retrieved from http://www.tanzaniagateway.org/docs/propoor_interventions_for_local_economic_development.pdf

Rogerson, C. M. (2008). “Consolidating Local Economic Development in Post-Apartheid South Africa” in Urban Forum, Vol. 19, No. 3, September.

Rogerson, C. M. (2010). “Local Economic Development in South Africa: Strategic Challenges” in Development Southern Africa, Vol. 27, No. 4, October.

Rogerson, C. M. (2011). “Tracking Local economic development Policy and Practice in South Africa, 1994-2009” in Urban Forum, Vol. 22, No. 2.

Rogerson, C. M. and Rogerson, J. M. (2010). “Local Economic Development in Africa: Global Context and Research Directions” in Development Southern Africa, Vol. 27, No. 4, October.

Royse, D. (2004). Research Methods in Social Work, New York: Muze Inc.

Streak, J. and Dinkelman, T. (2000). “The Empirical Evidence on the Location Determinants of FDI and South Africa’s Industrial Development Strategy” in Transformation: Critical perspectives on Southern Africa, Vol. 41.

Swinburn, S. (2006). Local Economic Development: A Primer Developing and Implementing Local Economic Development Strategies & Action Plans, retrieved from http://siteresources.worldbank.org/INTLED/Resources/led_primer_bookmarked.pdf.

Tigitcanlar, T. and Veligbeleyoglu, V. (2008). “Knowledge-Based Urban Development: The Local Economic Path of Brisbane, Australia” in Local Economy, Vol. 23, No. 3, August.

The Presidency of the Republic of South Africa. (2009). Green Paper: National Strategic Planning, www.thepresidency.gov.za, September.

Turok, I. (2010). “Towards a Developmental State? Provincial Economic Policy in South Africa” in Development Southern Africa, Vol. 27, No. 4. October.

Turvey, R. (2006). “Development from Within: And Evaluative Research on Economic Development Strategies “in Geo Journal, Vol. 67, No. 3, April.

Umhlathuze Local Municipality. (2011), UMhlathuze Municipal Intergrated Development Plan.

White Paper on Local Government (1998). Republic of South Africa, retrieved from http://mfma.treasury.gov.za/MFMA/Guidelines/whitepaper.pdf

World Bank (2003). Local Economic Development. A Primer Developing and Implementing Local Economic development Strategies and Action Plans. Washington DC: World Bank.

Xuza, P. (2007). “Ten Years and Ten Trends of Local Economic Development Practice in South Africa: A Practitioner’s Perspective” in Urban Forum, Vol. 18, No. 2.

Appendices

Interview Guide/ Questionnaire- June 2011

1. How can you define LED?

---

2. What is your understanding of LED perspective in South African context?

---

3. Do you think LED has impacted on the growth of the South African economy?

Yes ☐ No ☐

And to what extend if that's the case?

If not, what are the limitations?

---

4. Is/are there any policy (ies) for LED you know of and which you have been using in your framework of operation or daily activities?

Yes ☐ No ☐

If yes, can you identify it/them

---

5. Is there any impact of LED programme on the development agenda of municipalities?

Yes ☐ No ☐

If **yes**, can you briefly explain?

If not, what are the flaws?

---

6. In your observation, is it simple to implement the LED programme?

Yes ☐ No ☐

If **yes**, please explain why?

If you answered no, what are the hindrances?

---

7. Do you know of any strategy for LED that is currently implemented (Provincial/Local)?

Yes ☐ No ☐

If **yes**, can you briefly explain?

---

8. What are the challenges faced by the LED programme on project implementation?

---

9. In your understanding what is the relationship between IDP and LED?

---

10. Do you have any additional comments?

Thank you so much for your time & participation.

Have a Blessed Day!!